Retailing

The impossible task of proving weekend demand

by Warren Berryman

APPLICANTS for an area exemption to the prohibition on Saturday trading appear to be facing a "Catch 22" situation when dealing with the Shop Trading Hours Commission.

If the commission's last decision rejecting an application for Saturday trading in Wainuiomata is anything to go by opinion surveys are insufficient proof of public demand for Saturday trading.

Real proof of public demand could be obtained only by opening Saturdays and seeing how the public respond.

But opening Saturdays is illegal.

The possibility of obtaining an area exemption was included in the legislature when the commission was established. So far, none has been granted by the commission, which comprises a unionist, a retailer, and a Queen Counsel.

The Wainuiomata Merchants Association applied for Saturday trading. Two surveys were done.

A Heylen survey showed 61 per cent of respondents in favour of Saturday shopping, 21 per cent against, 17 per cent neutral, and 1 per cent undecided.

Wainuiomata, a community of 20,000 inhabitants, 8000 of them employed, lies in a valley near Wellington, but cut off from the capital by a tortuous road over the mountains.

It is aptly called a "dormitory suburb", with 75 per cent of working residents employed outside their valley.

Wainuiomata retailers, particularly Fletchers and National Mutual which owns the Wainuiomata shopping mall, are worried by the surveyed fact that consumer dollars were not being spent in the valley, but going to Wellington and the Hutt Valley.

The increasing number of working wives meant that Wainuiomata emptied out in the morning to refill in the evening when shops were closed.

The way to capture those consumer dollars was through Saturday shopping. So an application was made.

The required majority of retailers supported the application. Dairy owners, privileged by being allowed to open both Saturdays and Sundays, opposed it.

Also opposed were businessmen in the land across the hill – Petone and Hutt Valley – who had been enjoying Wainuiomata business.

Despite the distance factor the commission held that Wainuiomata was little different from any other dormitory suburb of any city.

The community was not a tourist resort – a factor which might have favoured the application – nor was it on a major traffic route.

The commission turned down the application.

The Heylen survey presented as evidence of public demand was rejected by the commission, which claimed it was a far cry from evidence of public demand and all more akin to acquiescence by a slight majority who would find Saturday shopping convenient."

The commission's decision said that if this sort of area exemption became general, it would be "catastrophic" to central city retailers.

Thus this commission wiped out the possibility for other area exemptions.

To show public demand, a survey by Heylen (this country's leading market surveyors) will not do.

The hard evidence of public demand would be obtained by opening on Saturdays is ruled out because it might have detrimental effects on shopkeepers on the other side of the hill.

When it came to giving reasons for turning down the application the commission was decidely vague.

But its reference to the catastrophic effect on city retailers was not a consideration included in the commission's jurisdiction as laid down in the Act.

Almost a law unto itself, the commission's decisions can't be appealed.

But should the commission go outside its proper jurisdiction, a judicial review might be called for. If this should happen, the presiding judge might see fit to define public demand and acceptable evidence of its existence, which would help any future applicant going for a Saturday trading exemption.

As it stands, given the weight of the Wainuiomata precedent, it would be fruitless to go before the commission with an application.

The rebel Auckland retailers are not going before the commission with an area application. They seek to change the law by defying it.

The Wainuiomata case cost the participants an estimated $30,000 in a fruitless exercise.

That is an economic precedent which few would wish to follow.

Stats soured by dept's call for prompt data

by John Draper

GOVERNMENT officials wanting up-to-date economic indicators are seeking private-sector market researchers to do the work.

While the Statistics Department is still figuring out the previous year's trends, market researchers can provide quarterly indicators and predictions barely a month old.

The demand for up-to-date data results from the Treasury's switch to quarterly national income accounting.

The Ministry of Agriculture and Fisheries had two options after discovering that the Statistics Department could not provide the data in the form needed: take on staff to do the work itself, or contract the work to the private sector.

NBR understands that internal MAF studies indicate a private sector contractor can do the work at a lower price.

MAF is particularly keen to get quarterly indicators of farmers' investment expenditure and farmers' immediate intentions.

Field officers already act as the ministry's antennae, detecting the attitude of farmers to investment as it changes with droughts, floods, strikes and big export orders.

But now the ministry wants a more reliable statistical base.

Officials are already discussing the results of a trial run by Market Research NZ Ltd and the possible extension to include a range of indicators.

Market Research has been selling information from a 1500-farm survey which it set up two years ago to a growing number of businesses supplying the agricultural sector.

Among the first users were the international chemical companies seeking to determine the trend towards conservation tillage brought on by the fuel crisis and the high price of farm machinery.

Market Research's panel of 1500 farmers are interviewed every two months with questions set to determine purchases and product useage.

The firm claims to be number one in farm research. Managing-director Fergus Reid said: "Market Research has always regarded agriculture as a seperate sector. Other firms had tended to consider it as part of the national market."

Reid claims the data produced by the survey compare favourably with the Statistics Department figures when produced from annual farm census material.

After a slow start, Reid says sales growth targets as originally envisaged are being achieved. And the scope of the survey, stretching the length of the country and across 22 sectors has been noted in Australia where Market Research has been asked to set up a similar sample.

But a Statistics Department hurdle may bring down MAF's plans to buy Market Research's services. MAF must send its proposal to the Government Statistician for vetting and on to the Minister of Statistics for approval.

Application has yet to be made, although it has been discussed informally with the department.

The Statistics Department is questioning the need for figures, specially as a review of agricultural statistics conducted jointly by MAF and the department in 1978 made no mention of their need.

In MAF's favour is the relative low cost of getting the information it wants.

But the Statistics Department is reluctant to surrender control over the collection of information except for occasional one-off market research exercises which it is unable to supply.

The department is already working to produce quarterly agriculture surveys, though not necessarily in the same form as Market Research.

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NEW ZEALAND'S NATIONAL WEEKLY OF BUSINESS, POLITICS AND ECONOMICS

NATIONAL BUSINESS REVIEW

Incorporating Admark

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Inside

Venison booms – and process rivalry looms

by John Draper

TUMBLING velvet prices are sending deer farmers in search of the golden hinds.

Within the last two months prices for the prized aphrodisiac have fallen in Korea from $235 a kilo to as low as $150 a kilo, making venison an attractive export once more.

By May deerfarmers and game processors hope to have two prototype deer slaughter houses in operation, one in the North Island and the other in the South.

Specifications will be delivered to the Ministry of Agriculture and Fisheries this week for approval.

Officials are interested primarily in hygiene standards. Once satisfied they will issue the necessary licences.

But the meaty problem confronting deerfarmers is who will do the slaughtering.

The Meatworkers Union, which claims jurisdiction demanded the work at last year's award talks with the Freezing Companies Association.

The companies, none of whom have declared an interest in venison, refused but gave a written undertaking that when deer were slaughtered on their premises, freezing workers would do the job.

But deerfarmers do not want freezing workers in their slaughter houses.

A joint sub-committee of farmers and game processors chaired by John Morrissey, of Christchurch-based baking powder manufacturers and game processors T J Edmonds, has consulted the Food Processing and Chemical Union which covers workers in game-packing sheds.

Morrissey said the union had not raised insuperable problems. Basically, game processors will carry on much as before, but handling farmed venison instead of hunted.

Union secretary Garth Frazer dismisses suggestions that there will be any conflict with the meatworkers over who should slaughter deer.

"We are not going to get into an argument with them," he said.

"We look on deer slaughtering as a natural extension of venison processing."

The union also pressed their employers for recognition of their claim when the game processing award was last negotiated but the point was not finalised.

Frazer says there have not been any specific discussions with the sub committee on the establishment of slaughter houses and said there did not appear to be any overriding difficulties.

The killing season for deer is likely to be short – April and May.

The deer will be at their heaviest then, and farmers will be keen to cut down herd numbers before winter.

Fawns take 18 months to mature ready for slaughter.

The timing will be aided by the freezing workers many of whom are joining the dole queues as works close down with the end of the lamb and mutton season.

Morrissey's committee envisages slaughter houses capable of killing 50 deer a day and jointly owned by farmers in a locality. Each will cost $15,000 to $20,000 with chilling facilities and may operate only for a few days a year, at least until venison takes over as the main export from velvet.

A 100-deer-a-day works plan has also been submitted to officials for approval.

From the works, carcases will be sent to the game processors.

The returns from venison are already looking attractive compared with velvet.

Huge quantities of Chinese velvet are flooding on to the Korean market, which absorbs 80 per cent of New Zealand's exports.

Korean wholesalers are also reported to be well stocked with Russian and Alaskan velvet as the New Zealand product comes on to the market, driving down prices.


Who will do the slaughtering?

The Korean economy is depressed, a constraint to demand worsened by a recent 20 per cent devaluation and an increase in import duties.

There are indications that the balmy days of high velvet prices are over and that the market will settle back to a lower level and possibly higher volume.

In contrast, the demand for venison is insatiable in the short term.

In 1972, venison exports topped 4400 tonnes, mainly to West Germany. Now they are down to 800 tonnes, earning more than $4 million.

The West Germans are keen to buy more and the price of $3.30-$3.50 a kilo on carcase weight is unlikely to drop, even if there is a big increase in supply.

Morrissey says deer farming will enable ante-mortem examinations to be carried out for disease, allowing carcases to be certified for export to the United States other than New York, which already buys New Zealand venison – and Australian.

Celebration drinks for visiting BP consultant?

by John Draper

LADBROKES, the London bookmakers, would do a brisk business down under if they could take bets on who will get the stand-alone methanol plant contract from the Government.

The Government's decision – already postponed from December – is not expected from Energy Minister Bill Birch until later this month. Till then it seems anyone's bet as to whether Petrocorp or BP will lead the favoured consortium.

The Petrocorp camp is optimistic, its hopes raised by the visit of two Government officials to the headquarters of its partner, the Alberta Gas and Chemical Company in Canada, for last-minute talks. But the officials will also be meeting BP representatives in New York.

Alberta Gas wants a 50 per cent stake in a 1200 tonne a day methanol plant to be built in Taranaki. It won't get that much, unless it can persuade officials otherwise, but is expected to be happy with a sizeable share above 25 per cent.

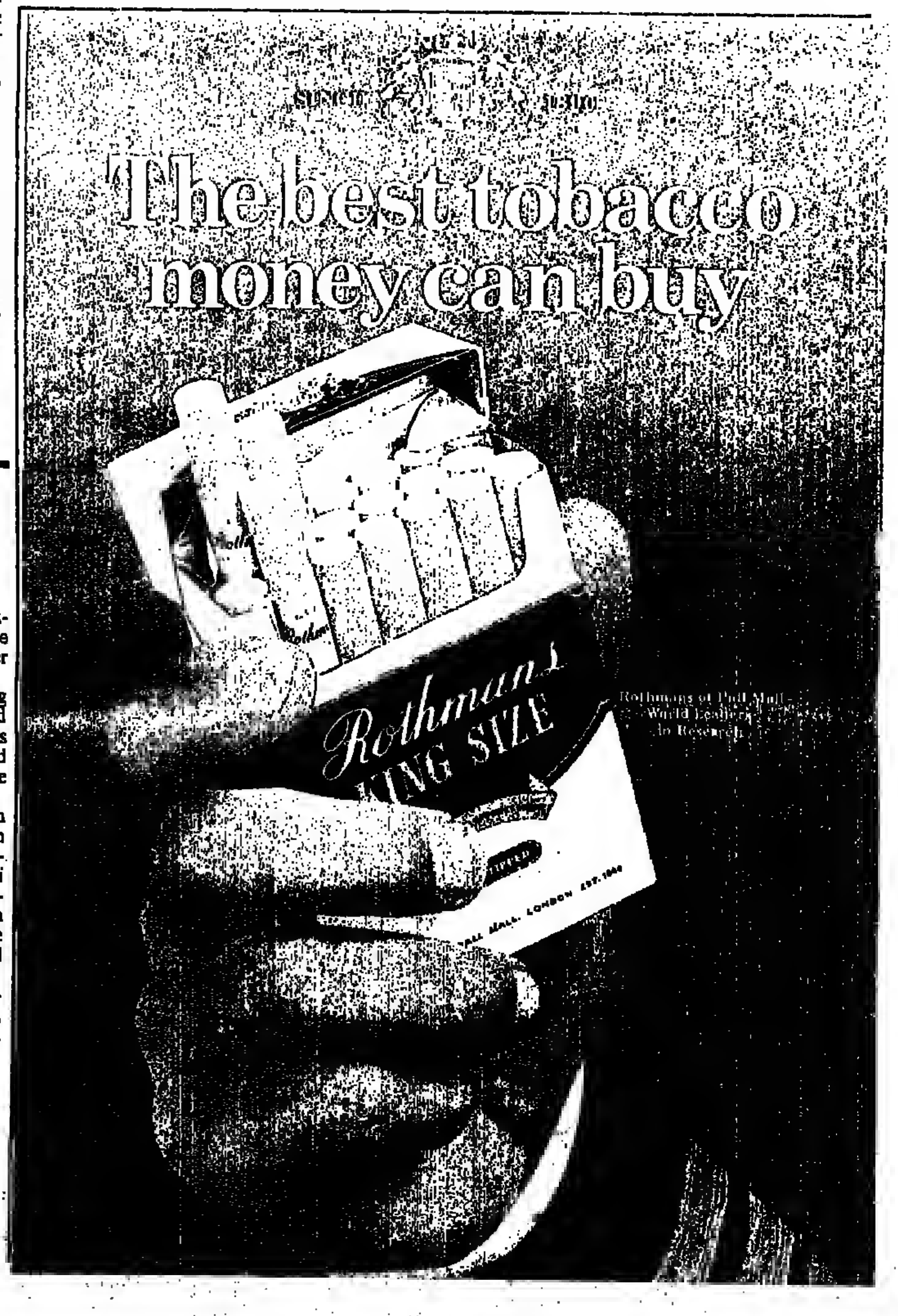
BP's consortium has long been the front runner and pessimistic Petrocorp officials believed Birch has handed British-based oil company the plant on a plate last year.

Fletcher Holdings, a partner in the BP consortium with the Challenge Corporation, Shell and the Mitsui Corporation of Japan, is confidently advertising for a managing-director for the subsidiary company it will establish.

BP proposes a larger methanol plant, 2000 tonnes a day, and wants assurances of a domestic market.

To confuse punters further, BP's British engineering consultants and methanol plant building specialists Davy International will be in Wellington next week.

Chairman Sir John Buckley will host a cocktail party, rumoured to be a celebration, during his stay.



The week

TASMAN economic union talks began again in Wellington without prior announcement by either Government. Ten Australian departmentol officials met their Treasury, Reserve Bank, Foreign Affairs, Trade and Industry, and Customs counterparts to lay the groundwork for the Fraser-Muldoon meeting in March.

SAUDI Arabia raised the price of its light crude oil by US$2 a barrel to US$26, an increose of more than 8 per cent. New Zealand imports nearly a quarter of its oil from Saudi Arabia. The price rise will be backdated to 1 January.

DECISIONS on future electoral administration began to emerge from the select committee set up lost yeor. Electoral rolls maintenance will be the sole responsibility of the Post Office, which will be accountoble to the Minister of Justice. The Justice Department will continue to hove overoll control over electoral administration. A committee of permanent heads has been set up to co-ordinate future administrotion, and an independent computer expert from Databank retained to advise on changes to the much criticised computer system.

RUSSIA expelled New Zealand Ambassador to Moscow Jim Weir in retaliation for the expulsion of the Soviet Ambassador from Wellington. There is speculation now that the Govemment will order the Dairy Boord to stop selling butter to the Russians.

ANCHOR butter sales recovered strongly in Britain during the second half of last year to 106,000 tonnes after disastrous first months, when less than 40,000 tonnes were sold. The final figure was still short of the 120,000 quota allocation for the year taking the board's butter mountain in Britoin close to 80,000 tonnes. This year's quota is 115,000 tonnes. Quotas beyond have still to be decided by the EEC Council of Agricultural Ministers.

THE PRICE of milk went up by 3 cents to 18 cents a bottle. Dairy owners will not sell milk, emphasising demands for higher margins.

A PIPELINE to carry products from the Marsden Point oil refinery to Aucklond is again under consideration by the Government. Now the 150 kilometre pipeline will cost $40 million. An olternotive is to extend port installations at the refinery.

TRADING bank reserve assets ratios for Februory have been set at 38 per cent of demand deposits ond 22 per cent of time deposits. These ratios should leave the troding banks with $50 million of free funds.

THE Olympic and Commonwealth Games Association is going ahead with preparations to send o team to Moscow, despite the Govemment's desire that chairman Lance Cross should press for a change of venue at the International Olympic Committee's meeting this week.

THE FOL'S Jim Knox will intervene in the Kinleith pay dispute as requested by New Zealand Forest Products' timber workera. He will meet with union officials ond delegates on Monday and with company representatives on Tuesday.

THE "missing" six United States diplomats were smuggled from Iran by departing Canadians who hod hidden them at their embassy for three months. Conada closed its embassy in Tehron.

SOARING imports, up 39.4 per cent, turned a record Japanese trading surplus in 1978 of $18.3 billion into o deficit of $7.5 billion for 1979.

PRIME MINISTER Rob Muldoon predicted (to the Pacific Areo Travel Association conference in Manila) that overseas visitors arriving in New Zeolond would double by the end of the decade. Americans are no longer the predominant visitors to the ossociation's region. Sixty per cent of tourists are now residents within its boundaries.

INFLATION in the United States hit its highest peak in 34 years last year at 13.3 per cent.

THE NZSE index hit a five-year high last week, moving up 1.41 points to 372.59.

The business week

Radio Otago Limited increased unaudited tax-paid profit by 13.2 per cent for the year ended November 1979, making it $78,827. Directors will recommend payment of 12.5 per cent final dividend, which with the interim dividend of 7.5 per cent will make a total of 20 per cent for the year.

Odlins Limited made a cash offer for Nelson forest owners W E Wilkes Ltd owns 2000 hectares of forest and has interests in wallpaper merchandising, land development, house construction hardware and timber milling.

Southern Cross Minerals Exploration Limited plans to set up a treatment plant for processing gold and silver bearing ore from its mines in Mount Karangahake. The company's chairman expects the plant to process at least 100 tonnes of goldbearing ore a day (for profits of more than $1 million a year).

Hallile Farmers Limited recorded unaudited tax-paid profit of $154,000 for the six months to December 31. A tax-free interim dividend of 6 per cent (3c a share) will be paid on February 25 from share premium reserve.

Australian Consolidated Industries Limited declared the company's previous takeover bid for A V Weld Industries Ltd is unconditional. The new offer will entitle ACI to 34 per cent of Weld Industry's ordinary shares and 73.6 per cent of its issued ordinary shares.

The Commercial Bank Company of Sydney Limited has been removed from sharemarket list at its own request.

The weeks ahead

FEBRUARY 10-15: New Zealand Library Association annual conference in Lower Hutt.

FEBRUARY 11-16: Royal Society of New Zealand and International Union of Geological Sciences' joint fifth symposium on the geology of Gondwana at Victoria University of Wellington.

FEBRUARY 12-13: Standards Association of New Zealand joint meetings with Standards Association of Australia in Christchurch, to reach agreement on joint standards to be used by manufacturers of both countries and generally to further trade.

FEBRUARY 20-22: New Zealand Gas Industry's 1980 conference to be opened by Energy Minister Bill Birch.

Exchange Rates

As at January 31, 1980, $1NZ is worth:

Australia	.8859	Hong Kong	4.6755
Britain	.4330	India	7.7987
Canada	1.1379	Italy	785.45
Fiji	.8136	Malaysia	2.1237
Japan	232.78	Netherlands	1.8670
West Germany	1.6927	New Caledonia & Tahiti	171.88
USA	.9788	Norway	4.7644
Austria	12.13	Pakistan	9.5495
Belgium	27.46	Papua-New Guinea	On Appln
China	1.4612		48.83
Denmark	5.2840	Portugal	2.0936
France	3.9606	Singapore	.7954
Greece	37.14	South Africa	

The week

Cabin crew fly Air NZ into industrial storm

by Warren Berryman

AIR New Zealond has flown into trade union flak thot threotens schedule disruptions and loss of prestige.

The dispute with the 750 member Airline Flight Stewords and Hostesses' Union over rest periods on the Auckland-Los Angeles flight has already delayed on flight and cancelled another.

Calculoble costs to the airline have been more than $200,000. Prestige losses as passengers switch to other airlines are open to speculation.

No end to the disruptions is in sight and attitudes on both sides of the dispute appear to be hardening.

Air New Zealand has asked its employees for staff loyalty during trying times, but unionists feel they have bent over backwards to help their employer.

In the background is the widely acknowledged fact that Air New Zealand is overstaffed. The Air New Zealand – NAC merger was supposed to have reduced staff by 500 or so through attrition. But staff numbers have dropped by only 15 to 8702 since the merger.

Several worldwide comparisons of airline employees per passenger flown per kilometer show Air New Zealand to be well down the list in productivity. Estimates of surplus staff range from 200 to 1100.

Which section of the airline most needs pruning is a matter of dispute. More than sixty sales staff have already been dispensed with.

Airline Flight Stewards and Hostesses' Union secretary Rick Mirkin agreed the airline was overstaffed, perhaps by 1100 employees. The oirline should start sacking management staff made redundant by the merger, he suggested.

His union's wage award expired last week, and wage talks between Air New Zealand and union start on February 12.

Mirkin said he had been notified that the airline wished to reduce cabin staff levels to the minimum required by civil aviation requirements.

However desirable in the long term, staff cutbacks will be expensive in the short term. First, there is the difficulty of dismissing state servants. Second, the oirline has many staff with long service-often more than 20 years – and redundancy payments will be huge.

The dispute behind the delays and cancellations of Los Angeles flights seems triviol. The union claims that on insufficient rest period on just one of the 12 Los Angeles services fatigues cabin staff to a point where safety is impared.

The rest period on this flight came at a time when cabin staffers' mental alarm clocks, set in New Zealand time, were not ready for sleep.

The union wants an extra day's rest in either Los Angeles or Honolulu before staff begin work on the return flight.

One senior staffer said this would cost the airline $250,000 in employment of extra staff.

Other international airline sources suggest Air New Zealand cabin duties are no more arduous than elsewhere.

Mirkin argues Air New Zealand cabin staff duties cannot be compared with other airlines with different work schedules and pay rates.

When cabin staff refused to man the return flight from the United States claiming undue fatigue, Air New Zeoland threatened disciplinary action.

Then it threatened the union with a common law suit for damages caused by the industrial action. Union executives would have been personally liable for the airline's losses – a possibility with implications for the whole trade union movement.

Air New Zealand backed off that course and threatened to press for penalties under the Industrial Relations Act which prohibits strikes without 14 days notice.

Mirkin maintains the union's actions was not a strike, but the exercise of a right not to work under unsafe or unduly unhealthy conditions – a technical difference.

Air New Zealand eventually decided to employ the standard disputes procedure. But when the Aucklond Conciliation Service nominated John Bufton, an ex-Air New Zealand employee (including service as industrial relations manager) as the independent chairman of the disputes committee, the union wouldn't play ball.

The dispute went to the Arbitration Court, where the union disputed the court's jurisdiction.

Last week the court ruled it hod jurisdiction and the unionists should continue work as usual until the matter is settled.

Air New Zealand public relations man Craig Saxton said the issue was really about Air New Zealand's rights to enforce contractual commitments entered into by the union.

Two observers, one from the airline ond one from the union, recently returned to Auckland after monotoring conditions about one of the flights in question. At time of going to press they had not made their reports.

Mirkin said the Airline Pilots Union supported his union. The pilots' award of 1974 prohibits pilots from working the hours worked by cabin staff. Pilots change on the Los Angeles flight, but cabin crew do not.

Vidicom: Broadlands brings a partner aboard

AIR New Zealand last week bought out 51 per cent interest in Broadland's Vidicom multiaccess travel booking system. A new company under the control of Air New Zealand, Multi Access Reservations Systems (MARS), will be formed.

Air New Zealand is shelving its TIAS in favour of the Broadlands system.

Broadlands' Vidicom was first into the local market. Pan Am and British Airways supported it because it was not controlled by a competitor. Travel agents similarly gave support.

On the eve of Vidicom going into operation, Air New Zealand announced it would introduce its TIAS system, providing two systems in a market that could support only one.

Pan Am and British Airways are said to be miffed that they were not given advance warning of Broadlands' move to let in Air New Zealand.

Air New Zealand previously announced its intention to allow for equity interest in TIAS by travel agents. But there seems to be no provisions for travel agent participation in MARS.

Broadlands intends to run the reservation system and claims this will maintain confidentiality among competing airlines.

The week

Govt coy on Saturday shopping

by Belinda Gillespie

NO progress was made on the question of Saturday shopping when Labour Minister Jim Bolger met representatives of the Retailers' Federation and Shop Employees' Union on January 30.

Both groups will test members' attitudes at their annual conferences in March and neither had seen much point to the meeting, called by Bolger, said Rob Campbell, of the Shop Employees' Union.

They had hoped for a statement of the Government's position, Campbell said. But Bolger had said there was no pressure for an immediate decision because the rebellion had petered out in areas other than Auckland.

Retailers and union representatives agreed there would be no change in their continued opposition to Saturday trading before the mid-March meetings, and the Government is expected to hold fire till then.

The union hasn't officially changed its stance on Saturday trading, but members can express their views at a series of stop-work meetings planned to begin on February 11.

Besides the options to endorse or oppose Saturday trading, the ballot includes a more flexible choice: opposition but with room for the union to negotiate according to circumstances. Campbell expects there will be some support for this, though many will continue to vote for blanket opposition.

Barry Purdie, executive director and representative of the Retailers' Federation at last week's meeting, said it had been "no more than an exchange of views" on how the three parties saw the facts. All were reasonably agreed that the boom in Saturday trading would have been less dramatic if the shops had opened their doors in June rather than at Christmas.

Purdie agreed that the Federation had moved to a fence-sitting position from its firm opposition in 1977.

Ken Morgan, representing the Auckland "rebel" retailers, wrote to the Minister asking for representation at the meeting. He suggested that the problems of Saturday trading would best be resolved without resorting to numerous time-consuming and expensive court actions, and repeated an invitation to the Minister to visit Saturday trading areas in Auckland.

Morgan was sent only an "interim" reply, dated January 30 in which Bolger said he would "look into the matter" and write as soon as possible.

Morgan's group, the Inner City Progressive Retailers' Association, wasn't invited to the meeting. Those who did attend were told that prosecutions will continue.

Bolger doesn't recognise the rebels as an authoritative group, according to his office. He questions whether any one person can speak for all the activists, who are spread throughout the country.

• See retailing feature — Pages 22-23.

NRB plans to yield surplus houses

by Belinda Gillespie

WELLINGTON'S urban motorway will not be completed according to the original plan. But extensions eventually will relieve the peak-hour congestion in inner-city streets at the only two exits.

The National Roads Board gave the go-ahead last August for a double-lane highway from the Terrace Tunnel to Taranaki Street — a more "moderate" approach than the motorway concept to Wellington's future roading needs.

The abandonment of the original motorway plan has sparked rumours among house-hunters that property bought by the Ministry of Works for demolition for the motorway will be coming on to the market later this year.

And Wellington City Council senior design engineer Ray Burrell confirmed last week that whatever form the new road took, there would be "some property surplus to requirements." But houses won't be put on the market till after the final decision has been made.

The public then would have to take their chances with the Lands and Surveys ballot system.

After going through the necessary formalities the Lands and Survey Department will advertise properties which have become "surplus." Applicants will be reviewed, and a ballot held among those considered "suitable."

Criteria for suitability vary according to the situation. In the case of land with no buildings, an adjoining property-owner might be considered suitable. A family which doesn't own property would be considered a more suitable applicant for a house than a family which does.

Properties are sold at market valuation, as estimated by the Valuation Department, and can be bought in three ways.

- Those who opt for a renewable lease pay for improvements on the land and lease the land itself;
- Those who choose a deferred payment licence pay a 20 per cent deposit, and the balance over the next 20 years;
- Those with more cash can buy the freehold title outright.

National Roads Board roading director Frederick Langbein said the extension proposal was under investigation, and decisions would be made on the basis of a report being prepared for the board and the Wellington City Council.

The board has approved work to start on the northbound connection at the Ngauranga interchange, but no approval has been given for a connection for southbound traffic.

Burrell is responsible for the report, which will "evaluate the alternatives" for the proposed extensions from Ghuznee Street to Mount Victoria.

Burrell said that although the motorway concept has been virtually abandoned, extensions would take some other form. His job is to present all the facts so that the politicians can decide on the alternatives. He hopes the report will be ready within three months.

Thomas case coup by Penguin Books

GRAHAM Beattie, managing director of Penguin Books, pulled off a publishing coup one week before the pardon of Arthur Allen Thomas was announced. He scooped up the paperback rights to David Yallop's book *Beyond Reasonable Doubt*.

Penguin bought the rights from Hodder and Stoughton, which published the hardback edition 18 months ago.

The first print run of 20,000 paperbacks, due out in February 20, have already been presold to the tune of 18,000 copies.

A second run is planned.

The paperback will go on sale for $5.95, against just under $14 for the previous hardback.

Beattie said the paperback could have been cheaper if it had been printed in Asia. But Penguin's policy was to print in the country of distribution.

Wright and Carmun, of Upper Hutt, won the printing contract.

Paperbacks are rarely printed in New Zealand, and only expensive, high-quality paper was available. This added to cost, Beattie said.

But the cost was justified by the urgency to get the book out when public interest was high — and rising — in anticipation of John Barnett's feature film on Yallop's book.

Beattie said that after reading *Beyond Reasonable Doubt* he was certain Thomas must be pardoned. His resolve to buy the book was firmed by talks with Yallop and Barnett.

The idea of the book coming out about the same time as the film was an attractive consideration, he said.

The paperback will be offered worldwide to Penguin distributors.

Beattie said he had hopes for good sales to New Zealanders living in Australia.

Following the Thomas pardon, most of the limelight has been on author David Yallop, leaving *Auckland Star* investigative journalist Pat Booth in the shadows. Booth's investigations, and those of forensic scientist Jim Sprott, first undermined the Crown's case against Thomas and contributed significantly to his pardon.

Beatty said that while the text of the book would not be changed, both Booth and Sprott would receive full credit in his publicity material.

What's in a name

THE director of the Auckland Manufacturing Association is John Whatnall, not Watnell, as we spelt his name in last week's article "Future "Optimistic" for Export-oriented Industries".

Comment

Editorial

SO far as the public could see, last week's executive meeting of the Federation of Labour was preoccupied with sorting out internal differences over the Soviet invasion of Afghanistan. But the politically sensitive subject of inflation was also on the agenda, and the FOL decided to approach the Government for a cost-of-living adjustment. That approach (for an unknown increase) is to be made after consultation with the Combined State Unions.

But inflation isn't the only problem. There is also the matter of unions being able to secure what they believe is a fair deal in the face of rapidly rising living costs. Thus President Jim Knox said the FOL also wanted the restoration of procedures to seek general wage orders.

The major difficulty is one of uncertainty since the dismantling of the system of general wage order applications to the Arbitration Court. The FOL has been trying to secure clarification of the Government's incomes policy for some months.

The criteria to be used by the Government in deciding general wage rises by order-in-council (in wake of the abolition of general wage order applications), and the regularity with which such regulations are likely to be made, is a mystery. Similarly, the criteria to be applied by the Government in deciding when to use regulations to intervene in award negotiations is a matter of speculation. All that is clear is the unstated principle that if an SUP-led union is involved, then Government probably is apt to step in.

The FOL met with the Government last October to sort out the guidelines. It came away in the belief the Government would arrange another meeting when it had the answers. But indicative of the level of understanding that prevails in relations between Government and FOL, Prime Minister Rob Muldoon has since said the FOL was to come back to him.

The Employers Federation has had its own meetings with the Government, but appears to be no more enlightened than the unions.

Perhaps the most we know about the Government's intentions emerged when Labour Minister Jim Bolger said he was not seeking greater Government wage controls, but "greater responsibility" exercised in wage negotiations, with Government keeping a watching brief to protect the public interest and overall economic objectives. He has declared his opposition to tight controls, but the legislation hastily enacted last year gives the Government Watchdog sharp teeth. The trouble is, we don't know in what situation the beast will be unleashed — and the threat of at least a nasty nip if wage negotiators go beyond the unspecified amounts to an unsatisfactory curb on freedom of movement.

If the unions get no clear answers, the state of industrial relations must deteriorate, with stoppages and disruptions punctuating workers' award-by-award efforts to win a bigger slice of the cake.

Thus we are in for a stormy year if the Government cannot clarify its position.

Maintaining constraint on wage demands will be difficult. The most significant contributions to our unhealthy inflation rate of 16.5 per cent were in food (up 21.5 per cent); housing (up 22 per cent), household operation (up 14.5 per cent) and transportation (up 13 per cent). Wage and salary-earners are obviously feeling the pinch and will be looking to their union leaders to do something about it.

The half-year survey by the Labour Department showing rises in public and private sector wages, and undertaken in October, is due to be released soon. Because its figures will include the September quarter CPI result — a record high 5 per cent for one quarter — the survey is bound to show that wages have fallen behind price rises.

The dilemma then will be that the unions will be clamouring for wage increases to keep abreast of the rising cost of living while the Government is being pressured by the OECD and employers to put the lid on wages.

The Government is committed to a policy of free enterprise, reflected in the freeing of many price controls already and Commerce Commission hearings into the advisability of lifting controls on other items, such as bread. But without price controls, there should be no wage controls, and a free enterprise philosophy should be given expression in the form of free wage bargaining. A bold Government would stick to its principles and lift its curbs to allow wages and prices to find their own natural level — and once it had implemented such a policy, it would uphold it in the face of short-term results that are politically uncomfortable. —Bob Ed.

Without word of a lie

Getting a bang out of nuclear triumph

THERE must be a lesson in this for the earnest PR and ad-man . . .

It's from *Nuclear Engineering News*, and the copy brought to us suggests it appeared in 1976.

It says: "You've heard about the real and imagined ills of nuclear power plants. Some of it's true; a lot isn't.

"We'd like you to hear about one of those nuclear plants that doesn't make the news — a smooth-running station."

Then it goes on to extoll the virtues of Three Mile Island Unit 1 . . . "an enviable record for any power plant"; and as architect-engineer for the unit, Gilbert Associates Inc, proclaimed it was "proud of our association" with the plant operators and their success.

Committee curdled on wheys and wherefores

THINGS have turned sour within the National Party caucus committee set up to make the decision on the use of cartons for milk and other dairy products.

Industrialists, environmentalists, dairymen and Government officials have been hoping the committee — chaired by Agriculture Undersecretary Rod Talbot — would reach a conclusion last week.

But the committee worked like a dairy separator, rather than a homogeniser, alas, and Messrs Schultz, Thompson, McKinnon and Thompson are divided.

Zap, the Dairy Board's cartoned flavoured UHT milk now selling in Auckland, has usurped the committee, of course; leaving it to decide only what other milk products should be packed in cardboard or plastic.

It seems doubtful the committee will support the continuation of a bottled home delivery service.

The committee is now expected to meet within the next two weeks, and maybe then interested parties like UEB and Alex Harvey Industries will get the answers on which their enterprise is dependent.

No-one putting sweet into Fleet Street

THE Ministry of Foreign Affairs advertised last November for a first secretory, information, in London — a man who could "get stuff to the Fleet Street Pack".

In the past, the post had been filled by a journalist (among the more successful appointments Trevor Campbell, Gerry Symonds, Mel Taylor).

But this time the advert didn't mention journalistic skills, and suspicions that FA wants the job to go to one of its own staffers were reinforced by the requirement that applications closed on December 7 for an appointment which was to be taken up in January. That effectively meant outsiders wouldn't have time to give notice and make arrangements to move to the new job.

But perhaps the department has been hoist by its own petard. It's February, and no appointment has been announced — and in the meantime; perhaps because no-one has been liaising with the Fleet Street lot, papers like the *Financial Times* have been writing things about Godzone that hasn't exactly pleased our political masters.

Tackling the BCNZ's money problems

FINANCE writer Peter V. O'Brien after watching the American professional football Super Bowl final in the United States on January 20, reports: Eat your hearts out Ian Cross and Ces Blazey. The Super Bowl would solve your problems.

CBS began the razmatazz at noon with a buildup which included satellite pictures of Americans abroad preparing for the big game between the Pittsburgh Steelers and the Los Angeles Rams.

Anyone who was anyone (or nobody) around the states were asked for their views on how the game would go.

At 3.20 pm they started the serious business, after Cherryl Ladd and a choir sang the national anthem, dedicated to the hostages in Iran.

The United States appears to stop during this period — a combination of the Melbourne Cup and the All Blacks against South Africa.

The game finished at 6.30. Then came the wind down, in the locker rooms, across the country, and among CBS' "experts" until 7 pm.

Players on the winning squad (a squad is 70) received $18,000 each and a diamond ring. The "losers" got $9000 each. Total cost of that lot was $1,890,000, excluding diamond rings.

But the commercials make the money. CBS averaged about six spots, each of 30 seconds, every 5 minutes (note during the razmatazz fewer during timeouts and so on while the game was on). That is an average of 45 spots each hour for seven hours.

And the cost? It was $235,000 for each second spot, or $10,575,000 an hour.

Over seven hours, CBS grossed $74 million, give or take the odd million.

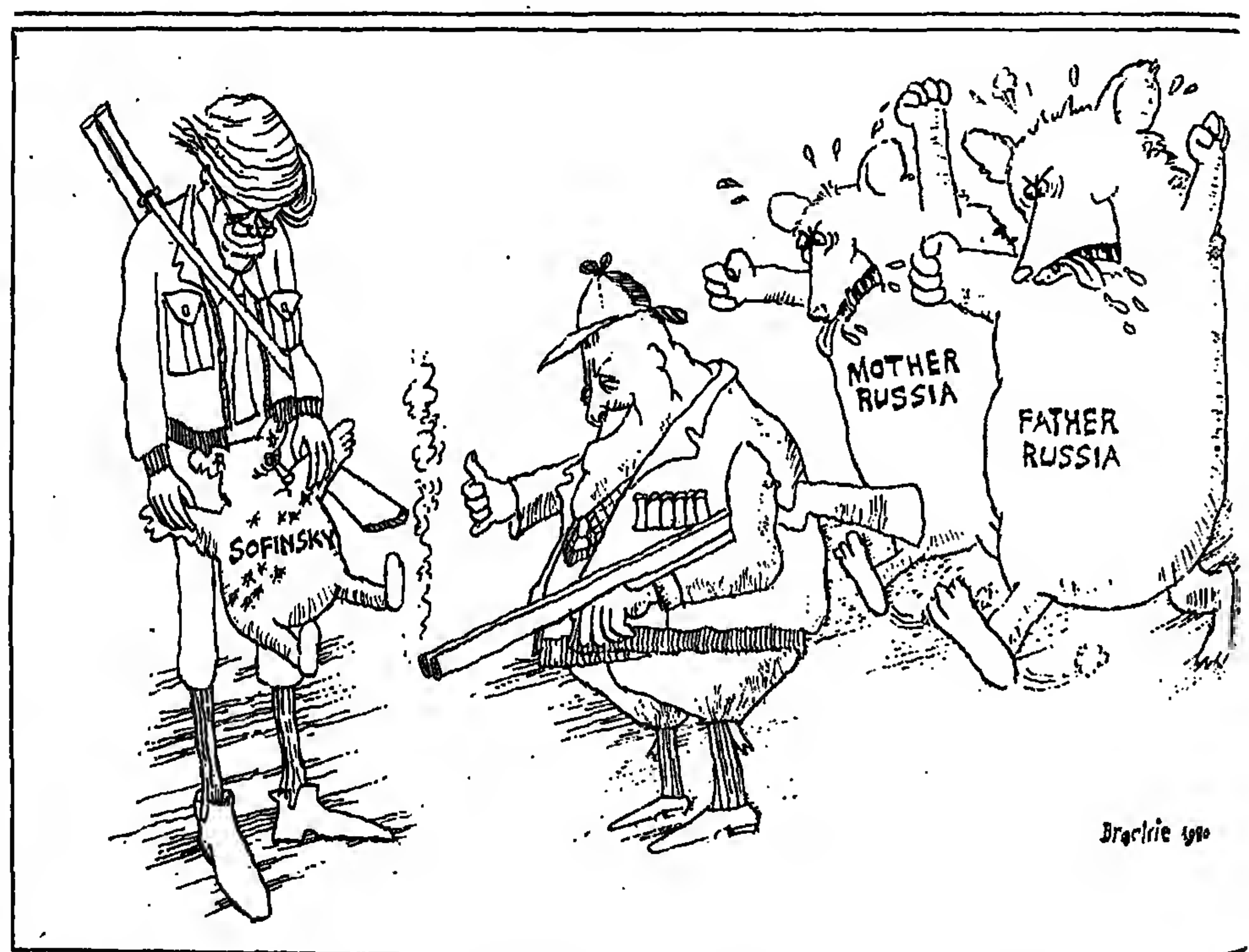
Probably fair enough, since the broadcasting corporation financed the whole deal, had considerable expense, and televised across the nation and to Europe.

Scale that back to New Zealand. The BCNZ would become self-financing, and the Rugby Union would dispose of any money problems.

It would be the end of "amateurism", but that is going anyway, with players wintering in Europe in fine apartments with solid expenses.

For the record, the Steelers won a good game 31-19, after the underdog Rams (quoted points down on the charts) almost pulled it off. Very tearful were the Rams' cheerleaders, there are no prizes, apart from $9,000 a player for coming second.

Brockie's view



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Comment

Personal viewpoint

by Ian Fraser

IF you have tears, don't waste them on Dr Sergei Zimin.

Up until last week Comrade Zimin was New Zealand correspondent for the Soviet News Agency, *Novosti*. Then the Prime Minister gave him 72 hours to quit the country as "another expression of our attitude towards this action of the Soviet Union (the invasion of Afghanistan)".

The Journalists' Union has expressed its concern at the expulsion of Zimin, arguing that journalists should not be held responsible for their Government's foreign policy.

While it is true that Comrade Zimin cannot be held strictly responsible for Soviet Foreign policy, it is equally true that he would not have been here had he not been someone trusted to toe the party line. And, on the very eve of his departure, Zimin revealed the true nature of his commitment to the processes of journalistic inquiry.

Defending the decision of the Soviet-backed Government in Afghanistan to expel American correspondents, he claimed these correspondents might not have been assisting "in an understanding of the position"

With that in mind, union leaders here might be better employed agitating for the freedom of the presses in eastern Europe than in taking up gels on behalf of the sort of journalism practised by hacks like Zimin.

For all that, it would be fanciful to run away with the idea that the expulsion of Zimin was deliberately contrived to advance the interests of the Fourth Estate. Far from it. Zimin was "of no value to us in New Zealand", the Prime Minister contented himself to observe. "And in anything that he has produced we have seen little of value to New Zealand".

The same pragmatism has coloured many of our recent diplomatic responses. In taking retaliatory action against the Soviet Union we have avoided biting the bullet in any way which might damage us. No trade sanctions, no expulsion of Soviet diplomats (Soviet Ambassador Sofinsky was thrown out a couple of days later on a rather different pretext), no officially-decreed boycott of the Olympics.

In point of fact, the invasion of Afghanistan doesn't offer very firm grounds for boycotting the Olympics. America, after all, didn't get the cold shoulder during its military adventure in Vietnam. But recent events have produced much stronger reasons for staying away from Moscow.

The Russians, it seems, are cleaning up for the Olympics. Well, they don't get a chance to spruce up for royal visits, poor dears. And most Games hosts set aside a little time for spring-cleaning. But in the case of the Soviet Union "cleaning up" apparently means getting rid of all obvious signs of political dissent.

The latest victim of the clean-up is Nobel Peace prize laureate, professor Andrei Sakharov, doyen of the USSR's human rights campaigners. He and his wife have been condemned to internal exile in the closed city of Gorky. (Interesting to note how diligent Soviet 'journalists' have been in publishing justifications for the official harrasment of the Sakharovs).

The point of a Games boycott is this: if the persecution of men like Sakharov is the price which must be paid so that John Walker and David Moorcroft can strut their stuff in Moscow, then the price is too high.

It seems one or two athletes now recognise that politics and sport can no longer be arbitrarily kept apart. A fortnight ago British distance runner, Sebastian Coe, told an interviewer: "Athletes cannot have their heads in the sand. They cannot say: 'I am a runner — and while I sympathise with the people of Afghanistan it is not my problem'. That is contemptible. We must think it tough, and the fact that we have trained for the last four years cannot be the sole criterion."

Sebastian Coe said a mouthful.

Ian Fraser is a journalist, broadcaster and critic.

Nitpicker Muldoon poor advert for Kiwi virtues

The Prime Minister's most recent attack on *National Business Review*'s integrity perhaps should be ignored, since it was but one shot in a fusillade of personal attacks against targets varying from Dr William Sutch (deceased) to the editor of the *New Zealand Herald*. But staffer Warren Berryman has some advice for the country's prickly leader.

LIKE it or not, Prime Minister Rob Muldoon is our national spokesman on the world stage. Our national prestige, hopes, aspirations, and collective ethos are exemplified here and abroad by his statements.

Great statesmen have had the ability to sum up the national ethos in a phrase, rallying the people to a realisation of their potential, and projecting to the world not only the state of the nation, but what the people would like it to be.

That magnificient Englishman, Sir Winston Churchill, used his gravelly voice and undoubted charisma so often to exemplify the sheer guts and bulldog determination of the British people during World War II.

But the grand rhetoric of an Edmund Burke or a Churchill is not a prerequisite.

Harry Truman will go down in history as a great American President and statesman. His salty style of speaking was that of the common man in the mid-western USA.

Great statesmen have vision and perspective — a sense of history, an ability to let the insignificant happenings of the day roll off their broad backs while, with an eye to the past, they set their sights on the future.

Rob Muldoon appears to have none of these qualities. His recent attacks on the press, both local and foreign, evince a shortsighted pettiness, an inability to perceive grandeur through a forest of trivia.

This is written in the belief that New Zealand does possess greatness- past achievement and future potential.

But the world is treated to coarse, gutter attacks on personalities from Muldoon and is left in the dark as to our finest qualities and aspirations.

Is this the sum total of the New Zealand ethos?

Muldoon attacks the American President as a peanut farmer. And what then happens to years of solid spade work put in by Trade and Industry, Foreign Affairs, and private exporters building up their trade relations with that country?

Muldoon snipes at Australia's Malcolm Fraser, and Nafta trade relations suffer.

Foreign Affairs painstakingly fosters diplomatic relations with a foreign power which Muldoon can destroy in minutes at a cocktail party.

The latest example of Muldoonian preoccupation with the petty can be found in *NZ Truth*, prompted by a New Zealand-born journalist who was brash enough to swipe at this country's economic and social problems in *Melbourne Truth*. He went so far as to call Muldoon "abrasive, abusive, evasive, objectionable, and pugnacious."

Whether that description is accurate or not is largely irrelevant to the central issue. The questions is: Should Muldoon, or any national leader, have to worry about such comment? Shouldn't he brush off the gnats and focus on greater things?

Instead, Muldoon chose to attack the journalist personally. He did not dispute or refute the arguments presented. He called the journalist "sick", and the article "a sick article by a sick mind".

Perhaps he is right. Perhaps not. But who will care next week, or in a years time?

But the Australian public will be left with an impression of New Zealand as a country led by a Prime Minister who found time to surmise of one of their journalists: "I can imagine that having to live with a name like Derryn would make him hate his parents and hide behind a beard."

Muldoon went on to say: "We have a few journalists in New Zealand who never let the facts spoil a good story but this fellow wouldn't get past the front door of any New Zealand newspaper — except perhaps the *Sunday News* or the *National Business Review*.

That smear of this paper, attacking the professional integrity of all those working here, perhaps is defamatory. No matter. It will not be tested in court.

But, it must be said that the primary obligations of any journalist is to his readers, and thus to the public — not to become involved in squabbles with personalities.

The interests of the profession are best served by freeing the press from the constraints posed by archaic libel laws, not by further restricting freedom of speech, and of the press by suing someone under those laws.

In any case the Prime Ministers ire presumably has been raised by the *National Business Review*'s publishing the truth about the Muldoon Government and its economic management — truth that Muldoon would prefer remained stifled.

He has yet to identify any fundamental factual errors. And that is what counts.

Muldoon is not the first vindictive politician. But he is the first New Zealand politician to make a virtue of vindictiveness.

This trait may reflect part of the national character. But it does not reflect the whole. And it is not something of which we should be proud.

Nor is it desirable that our national spokesman should project New Zealand in a vindictive light abroad.

Scoring from the Afghan war

by Les Cleveland

NO MATTER what one thinks of the personal qualities and leadership of the Prime Minister, one must admire his ability to get the most out of most circumstances.

The Afghanistan affair had us on the spot. We are being asked by Washington to exert economic sanctions against the invaders, even though it could hurt our overseas trade to do so.

The expulsion of a Russian describing himself as a journalist, and then the Ambassador himself, didn't damage any trade relationships and must have earned us a few credits in Washington as a loyal ANZUS partner that does what's required.

But the biggest payoffs may yet be on the domestic front. Here the Prime Minister's more Machiavellian skills are apparent.

He has been gunning for the Socialist Unity Party for some time. His linkage of the SUP leadership with the Soviet Ambassador, along with the suggestion that the party is an agency of Soviet diplomacy, not only puts party officials on the defensive for a change, but has important implications for the Federation of Labour.

If the FOL wants to remain ideologically respectable it will have to take official steps to diminish the importance and influence of SUP adherents and sympathisers, specially in industrial disputes.

The Prime Minister's disclosures seem calculated to push the conservative wing of the FOL into standing up to the SUP radicals.

With careful management, this situation could even be brought to the point where a 1951-type of settlement becomes possible. Support from a "responsible" FOL majority enables the Government to take repressive action against Communist wreckers for the good of the nation. A grateful (and frightened) electorate then returns the National Government to power in a sweeping election victory.

Muldoon has got to pull something like this out of the bog. His economic miracle is too long coming. Industrial relations are in a mess.

The National party could go under in 1981 if it tries to campaign on the basis of its economic management, blackboards and statistics notwithstanding. It needs a scapegoat.

Who better than the Communist bogey under the bed? It worked before. And this time it might even have some justification.

— Les Cleveland is a reader in political science at Victoria University.

Sweet FA for current affairs

HERE'S hoping the Ministry of Foreign Affairs is more up with the play in its diplomacy than with its publicity.

Its quarterly publication *New Zealand Foreign Affairs Review* was put in the post the other day with, among other highlights, a tribute to the late Sir Alister McIntosh, the country's first Secretary of External Affairs (who died in November 1978); the results of the last general election, and a note of West German President Scheel's visit to these parts.

As a sign of deadline problems, the journal has compacted its record of foreign affairs activity for the July-September and October-December quarters, 1978.

Which suggests we will have to wait another year or so before we see a record of New Zealand's vote at the United Nations. In November last year (at the time we were endorsing the notion of Kampuchean self determination) against a resolution that called for Indonesian invaders to get out of East Timor, and for urgent UN relief to be poured into that famine-stricken land.

L-plates before they are upgraded?

YOU'RE aware, of course, that massage parlours must be licenced. Well, take a trip to Milford Sound some time. You'll find — as a friend of ours did — a notice which proclaims that the Government Tourist Bureau activites there include: "Licensed hostess service available."

Letters

Social welfare

THE trouble with your correspondent Mr Barry Michael's letter (*NBR* December 3) is that it mixes fact with opinion masquerading as fact.

I agree that the impact of the recent cut in National Superannuation was muddied by a shift from before-tax to after-tax calculations but it still remains that New Zealand has one of the highest State pensions payable from the earliest ages in the world.

Unlike many other State schemes, it effectively ignores any qualifying perlod of residence (10 years is not onerous), does not require an identified contribution and nlso ignores other income.

Whether it is too high, or too low as Mr Michael implles, is a matter of opinion. So is the question, avoided by the Planning Council, whether the other income earned by those between ages 60 and 65 meons they don't need National Superannuation.

If Mr Michael wants to ensure that National Superannuation uses as few as possible of the Government's civil servants to administer the benefit, let's keep it simple and stay away from income tests.

They probably cost as much to administer as they save. However, let's also improve National Superannuation by giving some choice – if people don't need it as Mr Michael suggests, let them defer receipt of the benefit and provide a larger benefit later, when they really need it.

It's time we were allowed a little choice in our lives and not always be told what is good for us. It will also save money if the increase is less than the value of the benefit given up.

M R Littlewoad
Aucklaad

Container cargo

WHILE I do not have any particular "bone to pick" with *NBR*, regarding the article on container cargo in your issue of November 26 and subsequent apology to the Wellington Watersiders Workers Union in your issue of January 21, there are one or two matters that should be clarified if only for the record.

Firstly, our company does not "impose" charges on anyone. We are the operating company with a tariff of charges which apply to each service we provide. If we are requested by a shipping company to unpack a container in our depot we charge them accordingly. This work involves the physical handling of the cargo by our employees, the sorting and stacking in the depot, and finally the delivery to road transport.

Secondly, this is not a "new" charge resulting from any procedural change. A charge for this LCL unpacking service has been applied in some form nr another since the container terminal commenced operations in 1971. The only change being in the level of charge which like everything else has increased over the years.

As I invariahly read your reports and articles with great interest, and admire the nbility of your reporters and correspondents to report as fnctually as possible, I am disappointed in this instance that the article in question was published without sufficient research having been done un the subject. I would suggest that in future in such matters which are controversinl cuntact should be made with those involved at the right level tn get the true facts.

R V MeKee
General Manager
Contalner Termlnals Ltd

Import licencing

WARREN Berryman continues to damn import licensing *(NBR December 17)* and accuses manufacturers of gouging local consumers because of protection.

Mr Berryman knows very well that local competition is intense and that after-tax profits of more than five per cent of sales turnover are rare in our significant manufacturing industries. This is not a gouging rate of profit.

We are overdue for a detailed list of Mr Berryman's favoured manufacturing winners – the ones which will stnnd on their own two feet without the hothouse umbrella of protection. His list needs to be very extensive because he has already written off clothing, textiles, footwear, automotive and tableware manufacturing -- industries which currently provide employment for 100,000 New Zealanders.

Norman C. Aldrldge
Managlng Dlrectnr
Levln Dye-works Llmlted

Redundancy pay

MAY someone who has spent his working life on unskilled or semi-skilled jobs give a pnint of view on redundancy pay.

Consider the case of a seed producer near a town. Over the years the town expands, the seed producer becomes engulfed and what once was agricultural land becomes very valuable building land.

Eventually a developer makes an offer that can't be refused, more than enough money to re-locate the business once again out in the country with new sheds and so on.

So what is the result? The consumers get their supplies. The shareholder gains then and in the future. Senior staff are given housing and transport assistance and, with expansion prospects they also gain.

But what about the workers? They will be sacked and a new work force recruited at the new place, and the men or women who have given a lifetime of service to the industry must start again in another industry. It's not easy starting from the bottom in your 50's.

Again, consider a newspaper which loses out on advertising, for instance, and has to close. The management and unions work out a redundancy agreement but the shareholders take the view that their assets cannot be used for paying redundancy pay.

I feel that a national scheme is needed, financed by a levy on employers. At the moment and probably in the near future big employers and stronger unions will slug it out, but what about weaker unions and small companies?

Under certain conditions a person may get another job quickly, but these conditions are unlikely to affect the unskilled and they are people too. Redundancy pay is simple human justice, so instead of the issue being forced by strikes couldn't one of the political parties come up with a scheme defining redundancy and pay for everyone who loses a job through no fault of his or her own.

Bill Langford
Ruakaka

Saturday trading

I HAVE noted in your issue of January 21, in o page four article on Saturday trading, the following reference: "The Auckland Press, particularly the *Auckland Star*, championed the cause of the rebel shopkeepers."

In the interests of accuracy, I would like to make it known that the reference does not reflect what our various editorials have said.

Our attitude in editorials throughout has stemmed from the statement in the first of them that "one way or another, Saturday trading has more implications than the present feverish activity in Auckland suggests."

What we have attempted to say is summed up in our editorial of December 17, which ended: "It would be constructive for all parties to join to see if there is a range of options within which shop owners, assistants ond the public are free to exercise maximum choice."

I would be pleased if you would publish this for the benefit of renders who may be under a misapprehension.

Kelth Altken
Editor
The Auckland Star

Politics

When the voting system is no longer a fair go

by Colln James

IN the unlikely event that you could get the ordinary bloke in New Zealand to put into words how he thought things should run, I reckon he would start with the phrase, a fair go.

Cerebral, the New Zealander is not. Nor, save a few, ancestral, nor Confucian.

Short-focussed practicality is the New Zealander's line.

He looks for a system which will give him a fair chance to make himself a reasonably comfortable life.

So at various times he has banded together in political life to obtain, for example, land from the big landowners in the 1890s and a better deal for the workers in the 1890s and 1930s (unions, not unionism or socialism).

The nobility of the New Zealander is that, by and large, with some notable lapses, he has also seen that the fair go should apply not just to himself but to others around him.

So the old age pensions in 1898 and the social security system in 1938.

These support systems are not seen as a community duty based on some abstract idea, but rather as a removal of unfair obstacles for decent, clean-living kiwis.

Thus, there is no inconsistency in complaints obout bludgers living off the dole or the domestic purposes benefit. In the New Zealand framework, this can be seen as a ripoff by people who could do better if they tried.

The fair go is for people who try. It must not be abused.

But it must be there, in the background at least. In the 1978 election it was not.

Lnbour got more votes, but National is the Government. Social Credit got 16 per cent of the votes and 1.1 per cent of the seats.

Anyone can see that ain't a fair go.

(Is it a fair go thot some people were denied their votes because they could not read the ticks-and-crosses instructions? Probably. They have their chance to learn in school. Thnt is enough of a fair go.)

Anyway, National being the Government with less than two-fifths of the votes, that is a bit rich. So it has become a lot more respectable of late to suggest other ways of electing our MPs.

We are not alone in this. During the early years of the 37-39 per cent Labour Governments of the mid-1970s in Britain, there was a great upsurge of interest among conservatives and liberals in proportional representation (PR for short).

I recall a well-attended fringe meeting at the Conservative Party conference in 1977, led by a former Home Secretary, promoting the PR cause. Substantial House of Commons minorities voted for PR for Scottish and European elections.

The rationale was simple: a new system was needed to stop the wild left minority who appeared to dominate the Labour Party from making radical changes to the economy and industrial management because their party got a majority of seats through a quirk in the system.

The argument has turned more here on the fairness of the system, though if the National Government comes to be seen as pursuing minority right-wing ideas the British might take hold in reverse.

Some rather unlikely people hove toyed with PR since the perverse 1978 result. Labour leader Bill Rowling thought preferential voting should be looked at, an outburst one might charitably ascribe to post-electoral depression, since no majority party leader could ever seriously contemplate changing a system that offers him untrammelled licks at prime ministerial power.

There were even union remits on the subject last year.

More predictably, the academics have been going into print in newspapers, magazines, pamphlets and books.

It is not the purpose of this article — nor is there space — to detail the various voting system options open to us. If you want a good New Zealand exposition, read the submission by Alan McRobie of Canterbury University to Peter Wilkinson's parliamentary committee reviewing the Electoral Act.

Broadly the options fall into three groups:

- The present one, the simple plurality (SP), or first-past-the-post system, devised in England before the rise of the mass parties and widespread democracy, when politics was the plaything of the privileged, and passed on to the colonies along with the pound sterling, the union jack and stewed teo.
- Preferential systems, designed to ensure that the *candidate* elected has the support of the majority (more than half) of the voters in his seat.

One is the alternative vote, used in Australia (and in elections to high office in the Labour Party here ond, modified, in National Party candidate selections).

Another is the second (runoff) ballots between top scorers in the first ballot, used in France today and adopted by the foding Liberal Government in New Zealand in the 1908 and 1911 elections to try to keep some benefit from the Labour vote after the Lib-Lab alliance collapsed.

- Proportional systems, designed to ensure that *party* representation in Parliament reflects party voting support in the country.

These involve multi-member seats, covering anything from a small area to the whole country. There are also mixed systems, such as that operating in West Germany where candidates elected from single-member seats by SP are "topped up" with candidates from party lists to ensure all parties getting more than 5 per cent of the vote are represented proportionally in Parliament.

The system most reformers go for is the multi-member seat, single-transferrable-vote (STV) method used in Ireland, Tasmania and for the Australian Senate.

It involves redistributing surplus noters for popular candidates and the votes of the least successful candidates to other candidates according to preferences indicated by the voter.

McRobie argues that STV could also provide a means for effective representatioo of minority ethnic groups, such as Maoris.

Furthermore, he and other proponents of PR argue that PR systems can and usually do produce stable, tolerant governments.

This argument is put most forcefully by Nigel Roberts of Canterbury University in Stephen Hoadley's recently-published worthy little book, *Improving New Zealand's Democracy*.

Roberts also argues that PR allows voters to vote for the party of their choice but against a candidate of that party they do not like.

He dismisses complaints that multi-member seats would mean MPs would pass the buck and ignore voters' interests by pointing out that nearly everyone would have someone to go to, for whom they had voted.

If PR is so wonderful, why not have it in immediately? The political reason that will weigh against it with the Wilkinson committee is that it would disturb the two-party arrangement National and Labour have.

But there is more to it than that. The question of the appropriate voting system is not just a matter of a fair go for the parties. If Social Credit goes back down to its historically customary seven to nine per cent, that concern will melt.

The fundamental dividing question is over where the power-broking should be done.

Should voters elect a Parliament, indicate by their party choice their special concerns and leave it to the politicians to decide the overall tone of the administration if no party gets a clear majority?

Or should the election choice be between two alternative administrations, the overall tone of each decided and known in advance?

The liberal rage at the moment is for restoring Parliament's position and thus favours the former choice. Personally, I am with them.

But a strong case for the latter can be made and has been eloquently made by Professor Chapman of Auckland University in Hoadley's book.

Chapman argues from the facts of our political history that the barriers to minor parties thrown up by the first-past-the-post (SP) system ensure that no party gets effective political leverage until it obtains a broad base of support.

Thus it took Labour from 1919 to 1935 to obtain that broad base and Social Credit still does not have it after 25 years.

But once Lobour made the breakthrough, the system showered parliamentary seats on it in profusion enough to carry out its programmes. Under PR Labour would have had less than half the seats ond been stymied by n conservative alliance.

By implication, the same could theoretically happen one day to Social Credit. The SP system which now treats it so unfairly could be vital to implementing its monetury policies which all other porties oppose, whereas STV, which the league vigorously advocates, could deny it the necessary majority.

League leaders might ponder of the words of Herman Goering, quoted by Roberts, that the Nazis would have made a clean sweep of the 1933 election (thus having unchecked legitimate power). Instead, the minority Nazi Government had to use force to get its way.

Big-top inflation act shadows unemployment

Economics Correspondent

A THREE-RING circus is taking place under the economic big-top.

In the centre ring, inflation is rapidly accelerating to soar higher than ever this year. By December 1979, prices were already increasing at 16.5 per cent.

And in the right hand ring, the international economy is performing to rising oil prices, fluctuating its golden tail while unstably balanced on a globe of potentially volatile political events.

Meanwhile, in the third ring, unemployment edges up slowly in tune with other deteriorating economic conditions. But with so much going on in the other two rings, it is no wonder that the viewing public pays so little heed to unemployment activity.

Yet by mid-January this year the number of registered unemployed was 27,655 compared with less than 25,000 recorded at the same time last year.

Latest figures on people employed on special works programmes show a total of 27,794 as at December 14, 1979. Of these, 4,477 were employed by the private sector and 23,317 in the public sector on job creation programmes.

When the latest figure for those registered as unemployed is added to the latest figure of those on special works, an estimate of the total unemployed is 55,504. This is only an estimate because the two figures relate to two different times, it is probable that this estimate is on the low side.

By the end of January, both the number of those registered as unemployed and those on special work is expected to be higher with business generally slower over the summer holiday break. Students and school leavers could have particular problems finding jobs this year.

In the two weeks from the end of November to the middle of December, the number seeking temporary employment in the student community service programme grew from 3,867 to 6,548. There is likely to be a substantial increase in the number of unemployed school leavers in late January after School Certificate and University Entrance results are published.

Unemployment is a measure of political as well as economic performance. The official unemployment figures may underestimate the full extent of unemployment in this country.

Officially measured unemployment including those on special work is equal to nearly 5 per cent of the labour force. But if those who fail to officially register with the Labour Department are also included, actual unemployment may be closer to 6.2 per cent as recently reported in the London *Financial Times*.

It was common through the mid-1970s to hear policy talked in terms of a tradeoff between unemployment and inflation.

Orthodox wisdom has it that unemployment is a cure for inflation. As unemployment rises, inflation should fall. With the unemployed earning smaller incomes, there should be less demand for a limited supply of domestically produced goods and for imports, less money chasing the same supply of goods leads to lower prices.

Sometimes a rise in unemployment is seen as consistent with firm's becoming more efficient, requiring fewer workers to produce the same amount of goods. On the other hand, policy makers have taken or granted that unemployment could be reduced if the country was willing to accept a higher rate of inflation.

Recent experience indicates that unemployment is neither a cure nor a cause of inflation. It is a side show that automatically begins when inflation is accelerating. Especially when economic growth is sluggish, unemployment and inflation may rise at the same time.

Since the mid-1970s, both the level of unemployment and prices have been at a higher level than experienced at any other time in post-war New Zealand. Economic growth has been slow and even negative during this time. And this year, any inclination for inflation and unemployment to fall will be reversed.

Economists do not agree about the relationship between inflation and unemployment.

Early monetarists saw money as having a neutral effect on the level and composition of production. Unemployment was a separate issue which did not react to changes in the rate of monetary growth. Writing in the 1930s, John Maynard Keynes argued that money and employment can influence each other, though he did not refer specifically to a tradeoff between inflation and unemployment.

Reading between the lines, Keynes seemed to suggest the possibility of a tradeoff in his discussion of resource utilization. When the economy reaches full employment, everyone who wants to is working and resources are fully utilised. An increase in the quantity of money would cause wages and salaries to rise but since all resources are fully employed, it would be impossible for production to expand.

So a rise in aggregate demand could only result in a rise in prices. Price increases which take place when the economy is fully employed cause true inflation in the Keynesian sense.

The view that there is a stable tradeoff between unemployment and inflation was formally introduced by New Zealand economist, Professor A. William Phillips. In a famous article published in 1958, he suggested that there is an inverse relationship between unemployment and inflation represented by the "Phillips curve".

American economist, Paul Samuelson drew on Phillip's work to prove that an unemployment rate of 5 or 6 per cent in the United States was required to insure price stability in years to follow.

But the modern monetarist, Milton Friedman argues that the tradeoff between inflation and unemployment is temporary and that there is no permanent trade-off. Writing recently in Newsweek, Friedman said "Unemployment seems to be an unavoidable side effect of curing inflation, just as going to bed is of an operation, and there are many policies that simultaneously add to unemployment and inflation."

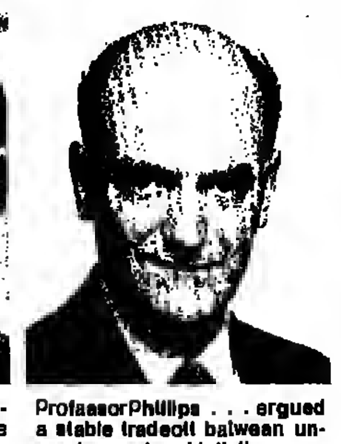
Friedman knows of "no example of a country that has cured substantial inflation without going through a transitional period of slow growth and unemployment and no example of a country that has experienced accelerating inflation without running into serious economic difficulties."

While economists do not agree about the nature of the tradeoff between inflation and unemployment, it seems clear that unemployment will be with us no matter what happens in the future.

As is the case with most circuses, we are faced with several stunts which involve some danger. Unemployment is likely to rise whether it is a side show while inflation is brought under control or whether it is a side show while inflation accelerates.

Certainly, rising unemployment cannot be used as an excuse for not bringing inflation under control.

Milton Friedman . . . unemployment an unavoidable side effect of curing inflation.



Professor Phillips . . . argued a stable tradeoff between unemployment and inflation.

Bill Hickson: chance to set his stamp on an era of major technological advance

by Rae Mazengarb

THE MAN who leads the Post Office into the 1980s is bound to oversee major technological advances specially in telecommunications.

But as one former director-general points out, in a large organisation there must be a continuity of effort. Because great innovations have long lead-times, those that spend their gestation period under one administration are usually born into another.

Bill Hickson — appointed the department's 18th permanent head on January 1, 1980 — is highly conscious of continuity.

Perhaps that's why he seems reticent about pressing radical change. Rather, he is content to observe that the Post Office is "noting overseas' developments with interest", and says final policy decisions rest with Government.

He holds the top job for the next two years, and unassumingly acknowledges "it can be undertaken only by using the talents of my colleagues — the raft of people working with me. The real work is done on the counters . . . in the telephone exchanges . . ."

But he finds the prospect of growth in the dynamic telecommunications area "exciting".

Hickson's career has been spent mostly in the telecom area, the dominant and growth sector of Post Office activity.

Born in Auckland in 1922, Hickson was educated at Mount Albert Grammer.

He began BSc studies at Auckland University in 1939 to pursue an interest in physics, "but the war started and young men of my general thinking were looking to flying and other activities".

He joined the Auckland telephone exchange as a junior technician the following year, but 1941 found him in the Air Force, flying in Europe. He was shot down and spent the war in a Prisoners of War camp.

Back in New Zealand late in 1945, he was given an engineering appointment, and in the period to 1953 he looked after the PABX market, working in close liaison with some large Auckland companies. "It taught me every business was different".

Transferred to Whangarei in 1953 as an engineer, he recalls that he and the only other engineer in the district "had a hand in everything".

He spent five years at Post Office Headquarters, working as a specialist in outside plant and cable design and in 1963 moved to Rotorua as district engineer. In the next four years he was involved in Tauranga's conversion to automatic exchange and similar projects down to Taupo.

Back at headquarters as superintending engineer in 1967, he was responsible for the administration of all outside plant activities and the general overseeing of some 4000 linesmen throughout the district. And he became involved in personnel training policies.

His appointment as director of telephone services in 1970 was his first non-engineering function, with responsibility for marketing operations (his first contact with the yellow pages) operations in the telephone exchanges and development of pricing policies.

Hickson says the break from engineering gave him an insight into the tremendous administration problems of the Post Office. The process of billing some one million customers every two months is a massive exercise, he points out.

He says he has been lucky in the wide range of tasks he has had to undertake over the years.

He recalls attending an administrative staff college course in 1966 where he had the opportunity of getting closely alongside senior managers in private companies — a "broadening experience".

"With an organisation as large as ours, it's easy to become too inward-looking. Our purpose as a service industry is to understand the needs of the marketplace.

Only by good communication with customers can we restructure to meet changing needs" he says.

Hickson talks of the trading department as a "corporation". He knows it is a state enterprise which often attracts criticism:

"Being human, you're always unhappy about criticism which you feel is not factual, but often critics aren't in the position to have a full appreciation of the position", he says.

But you must acknowledge that some cases have their grounds, and it's important to him to follow up in these cases to redirect the energies of the organisation.

On the other hand, you must actively seek the opportunity to explain the background.

"You can't improve a corporate image through public relations. You must perform" Hickson insists.

In late 1973, he became [illegible] superintending engineer, and after further promotions he became deputy director-general under George Peters [illegible] 1977.

That gave him the opportunity to gain experience in the personnel and industrial relations areas.

Under his wing also was the savings bank, the postal operation, corporate planning and property.

"It was helpful in filling blind spots from previous tasks. I was given the opportunity to expand my knowledge of the Post Office as a total corporate operation", [illegible] notes.

As director-general, Hickson heads an organisation which employs some 39,000 people, provides the country's postal service and telecommunication links, fulfils agency commitments and operates a large bank. ("I never thought I'd be involved in the management of a $1.6 million bank").

It's a far cry from being a bomber pilot in World War II. But a colleague suggests that Hickson's war-time experiences including his treatment by the Germans at such a young age, has contributed to his philosophy. "He's an optimist, he always looks on the bright side, and regards difficulties as a challenge".

Still sporting the tell-tale scars on his face, Hickson talks of those days with good humour.

A family man, who admits to playing golf "rather badly" and pottering around his Lower Hutt garden a little less than he ought, Hickson has three children. None chose to enter the public service.

In industrial relations Hickson is an unknown quantity, observers say. Peters, was known as someone who understood the Post Office Union (till January 1 it was an association).

One union executive pointed out that while Peters did not always see eye-to-eye with them, he was always ready to meet the workers.

With the union becoming increasingly concerned about the impact of new technology and its staffing ramifications, Hickson faces a challenge. But it's understood he has already laid the groundwork for the subcommittee of the union executive to research the area.

Experience overseas suggests that technological change brings a sharp cut-backs on jobs, specially in telecommunications.

Hickson is reluctant to speculate on the human effects of technological developments in the Post Office.

He points out that the rate of movement toward change is circumscribed by the availability of capital. Then the most important element in technological change is people, he says . . . "Not only the effects on people, but the availability of people to handle the new technology".

The time required to train people sets a clear limit on the rate at which new technology can be adopted.

"I don't see great problems . . . rather the challenge to equip people to undertake new tasks stemming from the need to adapt. We're always short of good experienced people".

Hickson should be familiar with developments overseas. He has represented both the Post Office and New Zealand at international meetings in engineering.

More recently he has attended Intelsat meetings — the International Telecommunications Satellite Organisation. More than 100 countries, including New Zealand, belong, linked through a complex system of more than 100 ground stations and a series of satellites permanently located over the Atlantic, Pacific and Indian Oceans.

"The satellite links provide one element of our communication links", Hickson explains. Another is the undersea cables.

"One of the most interesting areas of Post office activity is the international cable sphere. The growth rate of telephone traffic is increasing by 30 per cent each year; so the need to plan for augmentation of international links is of particular significance".

What will be the key issues for the 1980s? Hickson points to the increasing importance of data transmission, both nationally and internationally.

"We'll be called on to service an increasing demand in that area. Our ability to do so will affect the efficiency of the business sector generally".

The Post Office introduced its Oasis service last September, enabling anyone connected with telephone services to gain access to computer information overseas.

Will there be a splitting-up of the Post Office into separate telecom and postal services, as happened with the British and Australian systems?

"My personal view would be that the size of the New Zealand Post Office is such that to move quickly into such a division would be undesirable — but that's just my personal opinion". And technological developments in the postal service area might make such a step premature.

Overseas, the cable sector has been undergoing a major revolution through the development of optical fibres — the hair-thin strands of glass that can carry hundreds of telephone conversations simultaneously.

"We've been studying the developments for the last five years now . . . the technology is well-known.

"The volumes of traffic at present don't necessitate a quick move into that technology here. But when the economies justify it, we would look toward making that move. It's cheaper per circuit, but needs large volumes to justify".

Of all new services, Viewdata perhaps has attracted the most public attention overseas. A hybrid grafted on to domestic television, it promises a substantial new range of communication and information services to the ordinary householder.

"We've noted the development of Prestel in Britain and we're aware of the technology involved. Apparently it has been slow getting off the ground in Britain.

"At present the costs are high, affecting the rate at which the market can develop".

On the Post Office's abortive attempt to set up a courier service last year, and possible competition from the private sector, Hickson says the Government's decision not to launch the service was disappointing to some, but "there are lots of opportunities to improve the present services".

To critics who condemn rising postal charges, he points out that there are areas of the postal service which are unprofitable but must be maintained for social reasons. So the ordinary consumer, must subsidise the services.

Hickson adds that the Post Office — "like any other corporation" — is affected by wage increases and rising costs in the transport system.

But could the Post Office be accused of overcharging?

"It's important to realise large capital programmes — especially the telecom business — must be funded. The profit made is applied to capital programmes.

"The user-pay system is the present Government policy — it ensures people know what the service is costing."

On the Post Office image; Hickson reiterates his belief that "the best route to a good image is to perform basic tasks well . . . there could be areas where we fail to communicate to the man in the street."

Bill Hickson . . . "You must perform."

Monetary policy: the guessing game is on again

by Peter V. O'Brien

THE business community has settled down after the holiday period for another year of outguessing the Government on monetary policy.

It was known at the end of 1979 that the administration would amend policy in line with tightening credit and rising interest rates. The only question was when.

Finance Minister Rob Muldoon (described as one of the world's "master accountants" by the Phillipines Foreign Minister last week — a description which possibly reflects more on Phillipine analytical ability than on the judgment of New Zealanders) announced his latest adjustments on December 19.

The Government eased the reserve asset ratios on the trading banks, applicable from January, and maintained that policy with the February ratios. The latter were set at 37 per cent of demand deposits and 22.5 per cent of time deposits. The demand deposit ratio came back from January's 38 per cent, but there is no policy change.

The present ratios, as in January, are designed to give the banks about $50 million of "free reserves".

Muldoon said this was "still a firm position", but he thought it would help to moderate interest rate pressures during the March quarter.

Those pressures would have increased as tax day drew nigh, without changes to official policy.

As from last Friday, there is also a reduction in the Government security ratios applicable to trustee and private savings banks.

The former ratio was reduced from 39 per cent to 38 per cent, while the latter was brought back from 56 per cent to 54 per cent. Both figures are still high, when compared with the ratios on other financial institutions.

Muldoon expects this change to release about $34 million for savings banks' investment in the private sector.

The changes can be considered in relation to the latest figures for money supply and private sector credit growth.

Private sector credit expanded 22.8 per cent in calendar 1979, the lowest annual rate since November, 1978.

The narrow money supply (M1) moved up again, but at an annual rate of 7.5 per cent it is reasonable. The M3 monetary aggregate increased 18 per cent in the December year, slightly higher than November's 17.1 per cent, but still the second lowest annual movement since August, 1978.

The Government has other options if the latest changes miss an appropriate balance between "firm" monetary policy and restrictive credit.

The banks' ratio can be dropped again, and another adjustment made to savings banks ratios.

Other institutions, insurance and finance companies, could have Government security ratios cut, and there is always the old technique of altering hire purchase percentages.

The Government has several reasons for keeping interest rates at, or below, present levels. The obvious political advantage for opponents of the administration is one.

But high interest rates (and "high" is a relative term, since prime interest rates are still below the inflation figure) have other effects.

The affect investment decisions, a point which is being seen particularly in deferral of proposals to build new hotel facilities. Money costs have risen rapidly since the projects were conceived, and some are now in limbo.

The interest rate structure affects Government financing. The "new" system of financing a proportion of the fiscal deficit from the non-bank private sector will probably continue in the 1980-81 financial year.

If prime interest rates were to push 17 to 18 per cent on an annual basis, where would the Government pitch its rate on stock issues?

The issue at the end of 1979 raised only a small amount, although the ongoing inflation adjusted savings bonds increased in popularity, following the introduction of more liberal conditions.

Interest rates seem to steady in January, but the first month of the year sees little activity in money markets.

The secondary market for industrial debentures is thin at this time, but rates retreated about 1 per cent in comparison with the levels ruling in early to mid-December.

The commercial bill market, also thin at present, is stabilised around the 16 per cent a year discount rate on 90 days prime paper. In December it was moving towards 17 per cent for some bill lines.

The first "trend" for the year will probably come from the finance companies. They lifted rates steadily last year. It will be interesting to see whether they maintain the current figures in their new offerings, or make a slight reduction.

There is no longer anything permanent about an interest rate structure, a point which company finance men will find reinforced this year.

Market seems assured of credit squeeze action

by Peter V O'Brien

THE sharemarket started the year well. Renewed interest in speculative mineral stocks, an adjustment to dividend yields arising partly from the easing of monetary policy, reasonable interim results from the few companies currently reporting, and possibly some rub-off from the improvement in overseas markets seem the main reasons.

Last week the market indices were back at the highest levels ruling in 1979 after they dropped a little in November and December.

The activity on international markets is understandable in view of the surge in commodity prices. It makes little sense when examined in the light of economic developments in the various countries.

Australia is riding on the mineral boom, but that country now has an inflation rate back in double figures, a level which will probably be maintained for some time.

The latest information from the United States shows that the recession is biting with the increase in GNP for the fourth quarter of 1979 down to an annual rate of 1.4 per cent, compared with 3.1 per cent in the third quarter. The Bank for International Settlements reports that for 1979 as a whole real growth was 2.3 per cent, as against 4.4 per cent in 1978.

Britain is still in the toils of the steel strike, high inflation, and solid interest rates. At least the British are getting their money supply growth under control, after experiencing comparatively high increases in the early part of 1979.

Slightly easier liquidity in this country has an effect on interest rates, which are related to dividend yields on equities, although the link is not 100 per cent.

The market seems assured that the Government will move regularly on monetary policy to avoid a serious credit squeeze. To the extent that view reflects market confidence it helps equity investment, particularly when it... to the breathing space... interest rate movements.

Company results were... in January. That is understandable because the market comes out of holiday.

Two interim results reported in February. Alliance Farmers and Dalgety... ...could underpin the prices for other rural ...companies.

Arthur Yates issues preliminary final report in February. The company traditionally the first "final" for the year and it figures receive good publicity.

The market is also showing its customary technical reactions to stocks which go ex-issue.

National Insurance is the latest example. The price dropped 20 cents when the shares went ex bonus and promptly added back 15 over the next three trading days.

The market may continue its present mood in the next few weeks, but the fundamentals in particular sectors suggest that some caution should be used when marking up individual stocks.

For example, the Government Statistician released the latest provisional figures for housing permits last week.

The provisional statistics for December confirm the assessment made here last year when it was suggested that the housing industry is heading for 15,000 completions a year.

The Statistician reports that 15,532 permits for new dwellings were issued in the year to December 1979, compared with 19,132 in 1978 and 23,793 in the previous year.

Some permits will not result in completed dwellings, so the 18.8 per cent decline between 1978 and 1979 should produce larger fall in finished dwellings, a point which further erodes housing company profitability.

The sharemarket shows peculiarities in other ways. The maintanence of N.Z. Forest Products price is one.

Market analysts estimate the Kinleith strike about $750,000 in lost production a day.

But the share price stays in the $2.70 to $2.75 range. That either illustrates the basic sense of investors (refusing to panic in the short term, while waiting for long term benefits) or it reflects the difference between this market and those in larger countries.

A strike costing, proportionately, that much in other countries would see the share price knocked down substantially, until the issue was resolved.

The overseas buyers would add back most of the loss later, so perhaps the New Zealand way is better. It makes the market less subject to wild, emotional reactions on particular stocks.

Clouds may be coming on to the economy, and to investment markets. In these sunny days the investment world seems unconcerned about possible changes to the economic weather pattern.

Analysing annual accounts: ICI (NZ) Ltd.

by Peter V. O'Brien

ICI (NZ) LTD wins awards for its annual reports, so criticism of the contents may be considered a pedantic counsel of perfection.

The 1979 report (covering the 12 months to September 30) is good compared with the offerings from other companies, but there is a lack of information on changes in the company's liquid position, particularly in regard to a substantial buildup in stock, and a corresponding fall in cash resources.

The chairman's "Forward" says: "I am pleased to report that the company has maintained a strong financial position. We have sound balance sheet ratios and considerable borrowing potential and are well placed to meet future demands for new investment . . . Liquid funds were used to increase working capital as required by the higher volume of business and for the repayment of term liabilities".

That may be so, but the figures in the balance sheet raise questions. The table shows a breakdown of stocks at September 30, 1979 compared with the position at the same date in the previous year (see table).

	1979	1978	Percentage increase
	$'000	$'000	
Raw Materials	16,298	10,531	53.3
Work in Progress	1,936	1,493	29.7
Finished Goods	23,572	17,321	36.1
Stores	638	676	(-5.6)
Total	**42,444**	**30,021**	**41.4**

Changes of this size require more explanation than the brief comment given in the text of the report.

ICI's "higher volume of business" would need to be substantially higher to account for the percentage changes in raw materials and finished goods, after allowance for inflation.

In view of the widespread feeling that the economy is slowing down, will the company be able to dispose of the finished goods, and will it find sufficient demand for the raw materials on hand at September 30, assuming that the bulk of materials will be processed into finished goods?

There could be an alternative explanation, which raises another question. Has ICI anticipated large price rises in raw materials, and decided to stockpile raw materials and manufactured goods against cost increases?

The alternatives are important, because the company ran down cash resources to finance the stock. If it made a mistake about the "higher volume of business" it could be caught with excess stock. If it judged price increases correctly, it will make sizeable financial gains in the current year.

Shareholders and other readers have to draw their own conclusions, in the absence of explanation in the group's official report.

The statement in the report that "some lessening of demand is forecast to occur during 1980. The effect of rising inflation and the easing of demand will make it a difficult task to maintain sales and profitability" will affect those conclusions.

With the exception of that criticism, the 1979 report maintains ICI's excellent record for financial disclosure.

The company analyses sales figures into 18 industrial markets, including exports, and breaks down exports into four regional categories.

An analysis of charges against the trading profit is also more informative than those of other large companies.

It is interesting to note that the group reduced its expenditure on research and development in the latest financial year, lowering the outlay from $1,578,000 in 1978 to $1,413,000 last year.

A breakdown of the tax liability is useful for comparative purposes, and shows the effect of removal of the stock valuation adjustment. This item provided ICI with a tax benefit of $726,000 in 1978. In conjunction with other tax credits, it lowered the income tax expense to $1,954,000 on pre-tax profit of $7,463,000, a percentage liability of 26.2 per cent, before allowance for timing differences.

Last year the company recorded a tax liability of $5,227,000 on a pre-tax profit of $13,482,000 a ratio of 38.8 per cent.

Export incentives increased, but most of the higher liability arose from withdrawal of the stock valuation adjustment.

The group's comparatively low reliance on borrowed funds could be useful this year. The report notes that $2.4 million of term liabilities is due for repayment in 1980, a relatively low proportion of total liabilities, which totalled $94 million at balance date, including shareholders funds.

Refinancing those loans this year will involve the company in higher interest rates, but the small amount involved is unlikely to put pressure on profitability.

The 1979 annual report may be among the finalists for awards later in the year, but more information on the stock figures would assist understanding of ICI's overall financial position.

O'Brien on business

Commercial securities law in plain language

by Peter V O'Brien

COMMERCIAL Securities; An Introduction to the Law, by G G F Viskovic and S C Calderwood, tutors in the Department of Accountancy and Management at the Manakau Technical Institute, is designed primarily for students of commercial law.

But it will be useful to businessmen looking for a quick reference on the law governing particular commercial securities.

The authors say: "We have tried to cover the major aspects of the law relating to commercial securities as concisely as possible, and to use simple language in doing so".

They have succeeded in both attempts, while pointing out that the law is stated as at January 31, 1979. Allowance is made for the revision of the law relating to public issues of securities, as enshrined in the Securities Act, and the activities of the Securities Commission.

The book will appeal to students and other readers for three reasons.

• First, the authors have used simple, concise language, thus avoiding the turgid prose which can be a feature of legal texts.

• Second, the decision to exclude "statutory provisions verbatim, or even substantially paraphrasing them", allows the reader to assess the subject quickly, without wading through masses of the draftman's art. Reference can be made to the appropriate statutes after reading Viskovic and Calderwood's 158-page text.

• Third, and probably a joy to long-suffering students, the footnotes (or references) are included at the end of the chapters, not at the bottom of each page. Those who have put up with the academics' love of footnotes, covering one or more pages in the body of the text, should appreciate this development, which is slowly gaining ground.

People involved in small businesses will benefit from the authors' decision to go outside the law by including a chapter on the sources of short, medium and long-term finance, and a discussion of the "right type of finance".

The writers include sensible views on various types of securities, related to particular businesses, within the discussion of the formal law governing each type.

This "descent into the marketplace" is welcome among academic writers in New Zealand, although it is becoming more common among American writers in particular.

A book on commercial law should be commercially oriented, because the readers, whether students or interested laymen, are working in the world, where theory is subject to practice.

The authors occasionally state theory without relating it to practice. The chapter on suretyship and guarantees is an example.

The law relating to guarantees, and to the rights and liabilities of guarantors and debtors, is stated correctly and in a clear manner.

It fails to cover the problem which was seen regularly in New Zealand during the 1970s.

A guarantee is only as good as the person or company giving it. We had several examples of one company in a group guaranteeing the debts of other companies in the same group.

When jerrybuilt company empires crashed, the guarantees were worthless, because each company was dependent on the success of the others. If one fell they all fell. Recourse to the guarantor was useless.

It is unfortunate that a work on securities faces the problem of being up-to-date in a field where ingenuity is constantly applied to new forms of financing.

Commercial Securities contains brief references to leasing, but is silent on the relatively new concept (for New Zealand) of levered leasing, which is usually confined to large companies with a blue chip rating.

The book was written in 1979, so it has no reference to the floating rate deposit concept pioneered by the Development Finance Corporation.

But the changing nature of the securities industry, and commercial law in general, allows authors to revise their books regularly, and to bring out new editions.

The price may deter some potential readers. Specialist texts in New Zealand do not come cheap. *Commercial Securities*, a paperback, priced at $15.50 retail, which works out at 9.3 cents a page, including index.

The book can be recommended as a good text for students, and a useful reference work for non-specialists wanting a summary of the law in plain language.

Both attributes are hard to find in books dealing with the law.

***Commercial Securities; An Introduction to the Law*, G G F Viskovic and S C Calderwood, Sweet and Maxwell, 1979, $15.50.**

World Bank lifts funds

A VIRTUAL doubling of the World Bank's capital stock has been approved by the bank's board of governors.

An increase equivalent to $40,000 million was needed to permit continued growth in the bank's lending programme.

Overseas trade

"Agro" team to sell simple skills and equipment

by John Draper

A BATTERED short-wave radio set transported 10-year-old Barry Marx from a small King Country town to foreign places unknown.

A decade or three later the managing director of the Otorohanga Engineering Company Ltd travels by jumbo jet, selling dairy equipment and expertise to many places that became familiar to him on the radio dial.

Next month he will lead a private 10-man "Agro Mission" to five nations in South America — a continent whose short-wave broadcasts he rarely encountered as a child.

"Agro" will be the nature of the mission in more ways than one. The team of manufacturers and consultants will be pitting their selling skills against the seemingly limitless budgets of North American machinery salesmen who fly potential customers to the United States for an all-expense-paid presidential-style razzamatazz.

To compete the team will be using the well-tried formula of a fieldday, demonstrating to invited guests their products and systems in action or with films and brochures.

Credibility is likely to be the team's greatest problem. The South Americans are accustomed to expensive North American equipment fitted with microprocessors, panels and dials. "We are so honest and so simple we cannot be believed," Marx said.

The team hopes to attract influential farmers, Government officials and ambassadors to the fieldays, which are being arranged with local cattle breeding associations.

But the main target will be American-trained farm advisors who effectively manage many of the farms for the wealthy city owners. "We will be trying to show the advisory type people that our $20,000 things work as well as the $100,000 American equivalents," Marx said.

Otenz, (overseas customers have trouble getting their tongues around Otorohanga), began as a hobby in 1954 when Barry's father bought a welder.

It did not take long for the farmyard to become a mecca for neighbours and not so near neighbours wanting the odd thing fixed or built. In 1958 Barry became his father's partner in a rapidly expanding engineering business which by the 1960s had outgrown and taken over a similar firm in the township.

Reorganised as a limited company with a share capital of $1000 the family business became the licence for Turnstyle rotary milking parlours in 1970. Several export opportunities encouraged Barry Marx to get a passport and visas, but failed to materialise.

The break through came from Bahrain, a 10-aside herring-bone milking parlour for the Ministry of Agriculture in 1975. A 36-cow turnstyle shed for Saudi Arabia followed and then a contract to build two rotary systems in Guyana as a New Zealand aid project.

Barry Marx . . . . leading a 10-man mission to South America

Other contracts for equipment and expertise came from Egypt and South Korea and now hardly a week goes by without inquiries from new overseas markets.

Already this year there have been inquiries from the Philippines, Burma, and Indonesia.

"We are having to resist the impulse to rush in," Marx said. The company's small capital base built up from ploughed back profits is restricting its ability to expand and cope with the demand.

Finance, with conditions attached and "one and a-half take over offers" have been received and rejected. "We are not interested in being gobbled up," Marx said.

To cope with the increasingly office workload — "We write more letters in a week now than we did a year three years back" — Otenz is sharing $60,000 worth of word processor and computer to do pricing and much of the "long hand work".

The firm is still small and family orientated. The ten on the staff include wife, mother, sister and brother. But the firm takes advantage of 30 experts on a roster system who advise or perform short term contracts at home and overseas making feasibility studies, installing and servicing systems and giving advice to customers.

Last year turnover climbed to over $500,000, 55 per cent from exports, yielding an incredible return on the nominal capital. Selling expertise is now more important than the products Otenz sells. Nearly 60 per cent of its revenue comes from selling knowledge gained mainly by semi retired farmers who still want an active business interest.

South America's potential became fully apparent last year when Marx travelled with an Export Institute Trade mission. He discovered many farmers thirsting for gossip on techniques and information.

And rather than go back with his own experts Marx is giving the mission more status, and he hopes drawing power, by inviting other firms with expertise and products including AHI's dairy systems, Yates-Cooper seeds and the New Zealand Dairy Board experts on artificial breeding. Several other firms and products will be represented and a Ministry of Agriculture and Fisheries farm advisor is expected to bring the mission up to 10.

Marx will be emphasising Otenz's complete turn key approach offering a complete package, from developing pastures, through to packaging the final dairy product. It expects to do this for one South American Government — un-named to keep competitors at bay — on a World Bank development grant.

New TV rates system brings mixed reaction

by Grev Wiggs

AFTER a long look at the new Television rates, to come into force on April 1, agency men give Television New Zealand marks for trying.

But reaction generally has been mixed.

Experienced media people generally agree that the changes represent a reasonable response to the complex brief that had to be dealt with," Graeme Robb, Goldberg Advertising's media manager, told Admark.

"But each advertiser's needs will have to be taken into account separately in order to evaluate the changes accurately."

For example, the increased cost may mean that a promotion for which peak zone TV advertising is deemed essential will require a boost from advertising in magazines or newspapers because of the reduced frequency of TV advertising imposed by a TV budget.

A report by Robb forms the basis of an article in the house magazine *Goldbergs Trends*. The new rate structure means that advertisers will pay more and get less for their money, it points out.

The ratecard has been restructured, and although broad time zones will be retained, the new rates are based primarily on programme classification and related to audience size.

"The advertiser will get the audience he pays for, says the report. "But he must expect to be charged loaded rates as a regular practice because of the pushing into the background of the cheaper base, or 'weekly' rate placements, for most of the year."

Peak zones will be 6pm to 10pm on both channels on all nights, as at present.

TV One's rates (30-second spot) are: A class programme $1890, B $1720, C $1560, D $1400, E or weekly rate $1270.

TV Two's rates are similarly scaled, but at lower levels, reflecting its restricted geographical coverage and lower audience share.

In calculating cost effectiveness, using estimated audience levels and the new rates, the report shows that the higher rated programmes are relatively cheapest for the advertiser.

"For instance, for $20,000 the advertiser will be able to buy 11.6 TV One spots with a B programme, but 14.3 spots with a D programme and 15.8 spots on TV Two with a C programme. However, measure in gross rating points (the number of spots multiplied by the percentage reach of each spot) the picture becomes different; in the above example the number of gross rating points would be 464,358 and 316 respectively.

"Relate this to our $20,000 budget and we find that one gross rating point on a TV One B programme costs us $43, one point on a TV One D programme $56 and one point on a TV Two C programme $63."

Rotate placements, in which advertisements move through various timeslots, are to be abolished and virtually everything will be tied to a specific time or programme.

Goldbergs have made some estimates on the effect of the new rates in terms of cost and reach and the prospect presented to the advertiser is far from cheering.

"At present, a 30-second TV One network spot on rotate placement between 6 and 10 pm costs $1420 and has a reach of 36 per cent.

"A B classification spot (8-9.30pm) next April will cost $1720 and have an estimated reach of 40 per cent.

"The increase in cost is 21 per cent; that in audience only 11 per cent.

"A change of the same current ad to a C classification (7-8pm and 9.30-11pm) would make the cost $1560 (up 10 per cent) and the reach 34 per cent (slightly down) and a change to a D classification (6-6.30) would make the cost $1408 (down 1 per cent) and the reach 25 per cent (down 36 per cent)."

It is clear that advertisers will be getting less for their money.

Against this, but still to be demonstrated, is the possibility of improved audience quality, resulting from the new programming.

ANZA president Colin Mortensen, commenting on the TV rate increases, said that in a free trading market, suppliers can fix their prices on whatever level they like."

But it was over to the buyer to determine whether new price levels represented value or not.

"It is a question on this occasion whether the demand will continue to meet the supply," he said.

Mortensen said the position would be obscure until the restructuring and reprogramming settled out.

"Although the average increase on carded peak rates is about 14 per cent, it may well work out at nearer 20 per cent in real terms. We're on to an absolute fixed buying pattern instead of rotate spots and the composition of the audience will certainly be skewed by new programming formats.

"There is even talk of further rate increases in October."

Mortensen predicted that many companies would be looking hard at the radio medium and would be experimenting seriously in the use of secondary media to back up a TV campaign.

PR company's plans to bring in senior specialist

WELLINGTON'S newest public relations consultancy, which opened its doors on February 1, plans to introduce a broad spectrum of PR-related specialist services conducted by principals only.

Consultus New Zealand Limited is owned by Robin Clulee, formerly New Zealand managing-director of Eric White Associates, and Tony Farrington, who was a senior consultant with the same company.

Initial plans are to offer a fully fledged and comprehensive public relations service. But further plans are to expand in various communications fields through the services of a wide range of specialist consultants.

The areas to be covered include financial, government and educational relations media training, design services, photography, publications, promotional campaigns and secretarial services.

"These consultants will be self-employed but contracted to Consultus and integrated with the organisation," Robin Clulee said.

"We see two big advantages to our clients in this unusual structure.

"Firstly, our clients will be dealing with principals in their respective communications discipline which means deeper and more personal contact.

"Secondly, we will eliminate the traditional high level staff turnover because people are working for themselves."

The company plans to open an Auckland office.

Competition: road to inevitable monopoly

by Bob Stott

A REVIEW of road transport licensing, a report on the railways and the Government's espousal of free enterprise and deregulation will ensure that competition in transport is thoroughly aired this year.

The trend in recent years has been towards closer co-operation between operators to the point where competition at least has had its edge dulled.

There have been takeovers and mergers, working arrangements and gentlemen's agreements, all aimed not at eliminating competition — both among operators working in the same transport mode, and in the inter-modal situation.

Shipping conferences, began with the connivance of users who didn't want competitive ships racing around the coast, squabbling for cargo, but a regular timetabled and thoroughly reliable service. The lines agreed to share the trade and the profits.

In return they agreed to supply regular services and end the practice of cancelling sailings for lack of cargo which cut off many ports for weeks in the off-season.

The lines had a monopoly and could afford to offer a year-round service. Off-peak sailings might not be profitable, but they knew that at peak-time they would get all the cargo.

On the New Zealand coast, the Union Steam Ship Company quietly worked more closely with smaller lines until an amalgamated national coastwise service developed.

Companies such as Canterbury Steam, Anchor Line, Holm and Co and Richardsons working with the bigger Union Company offered a fully integrated service, without duplication or ruinous competition.

Union Steam operated similarly in the air, with Union Airways. Not only was air transport regulated, however, but the State took over the lot and the international operation went the same way.

Subsequent governments, more enthusiastic about free enterprise, have done nothing to free things.

The ultimate was reached, with the merger of Air New Zealand and NAC, the taking into the State airline's ambit of Safe Air, and with close links between the State airline and Mt Cook. It's hardly free enterprise, but the traveller or freight shipper can get from one end of the country without changing from one airline to another.

Keener on free enterprise than New Zealanders, the Australians evolved a two airline policy which requires State-owned and privately-owned aircraft to follow each other around the country, each offering similar services at similar fares, each with near-identical departure times from one city to the next.

Road transport in the early 1930s was at first allowed free and open competition. But transport licensing was introduced, partly because road transport operators couldn't stand the pace and partly because the public became fed up with the performance.

In the late 1930s the State started buying up trucking firms and running them as an adjunct to the railways, a process stopped after a general election.

Successive governments have allowed the railways to continue with a large road operation.

Private bus companies competed with local-body owned tramway services and each other in the 1920s. The competition mostly was killed off when local bodies bought out the bus men.

Some railway routes initially were to be run by private companies. All but one found the burden of building a line through rugged uninhabited country to great — dividends would only have come once the completed railway had encouraged the development of a region. So the State took over the uncompleted lines.

The only railway to be completed and run successfully by a private company — the Wellington and Manawatu line — was taken over by the State which exercised an option written into the agreement with the company in the first place.

Several big road transport groups — like Newmans and Freightways, have evolved in the last 20 years, both in the field of freight transport and in passenger transport. Many would be surprised to learn that their local carrier or bus line is closely linked — if not a subsidiary — of a major group.

There is greater competition among transport modes than previously, but there has been considerable rationalisation too. Usually an operator will stop a service when he finds another transport mode can do the job better.

Air travel, for example, has helped kill off many long-distance rail passenger services and the Wellington-Lyttelton steamer express service.

The railways helped finish off traditional coastal ship-network of lines about the time of World War II (the Gisborne and Kaikoura lines, for example) and then by introducing rail ferries.

Improved road transport economics (aided by population shifts) allowed many rural branchlines to close.

Increased air transport costs may see the demise of some shorter air routes on which the time factor disadvantage the airline in the face of higher fares.

Restrictions on private motoring may spur moves to public transport.

A common thread can be discerned: where competition has existed, the tendency has been for operators to work together. Where co-operation has been slow to come about, the State has often stepped in to hasten the process.

Some operators, specially in road transport, believe that more competition is the answer. But among all transport modes, probably there would be broad agreement that it's better to cut the cake into fair shares. Disagreement about "fair share" should not be considered a desire by the transport industry generally for free competition.

History suggests that if transport is freed from competition, the industry largely will become self-regulating. A cohesive whole, strung together by various forms of licensing and regulation, will make way (after a brief heady period of flat-out competition) for cohesion through mergers or "conferences".

That path seems to lead inevitably to monopolies, and the elimination of competition . . .

In the United States, regulations control transport company mergers, checking end-to-end mergers and preventing railways from closing uneconomic branchlines.

So it's enforced competition which has helped put a number of railways into bankruptcy.

Three choices are suggested:

- Transport competition can be damped down by State intervention (as happens now in New Zealand);
- Controls can be lifted to allow the industry to determine its own controls. Mergers leading to monopoly is the likely outcome.
- Controls can be lifted, and mergers prevented, by making competition compulsory (as is in America.)

The biggest risk over the next few years is an over-investment in transport. Our transport services generally are under-utilised.

If we have cash to spare, we may be better off investing in things productive rather than in more transport.

Two days study for unionists

by Ric Oram

THE EMPLOYERS Federation has issued a guide to employers who are faced with requests for time off by union delegates to attend trade union training courses.

The federation's attitude is that a delegate should be allowed paid time off for no more than two days a year.

For some years, the federation has accepted that industrial relations education for delegates or shop stewards can be valuable.

But with the increasing number of courses being run by unions — and by the Trade Union Training Board in particular — it feels it is time to offer advice to companies.

It recommends that employers should give favourable consideration to applications for time off — not for rank-and-file members, but for delegates and union presidents who are in employment.

The courses should be approved by the Trade Union Training Board and the federation, and shouldn't just be meetings or activities run by trades councils or unions for the conduct of union business "or the furtherance of their own interests".

The courses, the federation says, should be "relevant to the nature of the work and duties of the trade union delegate".

And the only costs the employer should meet are the losses of ordinary pay — not overtime or travelling time, and certainly not costs associated with travel, registration or accommodation.

Compared with the arrangement the Trade Union Congress in Britain seeks, and gains, from employers, the federation's policy seems somewhat miserly.

The TUC model agreement contains, among other clauses:

- "Union representatives shall be entitled to undertake such training in working hours without loss of earnings (including bonuses and overtime) which they would normally have earned had they been at work for the days on which they attend the course."
- "The employer will reimburse expenses and the cost of lunch and refreshments for attendance at day release courses."

It does agree with the federation's policy that management should be provided with copies of the syllabuses.

The TUC provides 10 to 12-day courses, and comments: "Each representative will normally attend three such courses in any three-year period".

If that's not enough, federation officials would shudder to learn that Wales has a college offering five and 10-week courses.

And the Italian Metalworkers Union has a national agreement with employers which gives workers the right to 150 hours paid leave a year for education. Other Italian unions have agreements, too, and some provide for 250 hours a year educational leave.

Farmers risk leaving gate open for FOL

by Roe Mazengarb

VOLUNTARY membership is killing the New Zealand Farm Workers Association.

Despite a pre-Christmas membership drive held in conjunction with Federated Farmers, the association has only about 2800 members.

The association is one of only a few voluntary "unions".

A special general meeting in March will assess the effect of the membership drive. If no progress has been made, the meeting probably will recommend to the annual meeting in May that the association be wound up.

To be viable, it needs at least 6000 members, according to National Secretary Wally Withell. And to ensure an effective feedback from members, it should aim for 10,000.

Farmers hurriedly helped set it up in 1974 when the Labour Government proposed making union membership compulsory for farm workers.

The association's demise will leave the field wide open for the Federation of Labour-linked Workers Union, which is eager to take the farm workers under its wing.

The association's plight stems partly from apathy among the estimated 22,000 farm workers scattered throughout the country.

And while farmers seem keen to see the union, at award talks last year they rejected a membership clause.

"The majority of farmers would like to see it continue but translating it to a compulsory member clause is the hub of the problem", Federated Farmers spokesman Peter Elworthy said.

Withell argued that the clause was not compulsory.

"It is optional," he said. Federated Farmers head office seems hell bent on giving the impression that it is compulsory and that the association is only a trade union.

"No system that gives the opportunity to opt out can be compulsory . . ."

Farming opinion at grass roots level may be shifting. Realising the association cannot survive without the membership clause, farmers "might be prepared to wear it", one farmer said.

The recruiting campaign continues. According to association president Dave Hedderwick, the response from the Canterbury area showed the union could work. At least the farm workers in the area have been identified; it's now up to them to join, and a viable organisation would result.

The major problem is the association's inability to track down farm workers. Some estimates put numbers as high as 30,000 according to Withell, the figure is a lot lower.

Efforts to cover death duties distorted the figures, he said. Many people on farmers' books are in fact next generation farmers.

Federated Farmers apparently has been giving the movement indirect financial support, in the form of manpower at head office and provincial levels and expenditure on communications.

The association is plugging into the Federated Farmers network of 500 branches to identify potential members. Employers might not be signing up farm workers, but they are using their structure to provide lists and contact numbers of farm workers for the association to follow up.

But some association members feel the federation is cultivating a "big brother" image.

The federation has [illegible] affiliation to the association which might boost the movement's funds.

But affiliation was [illegible] ... Withell said [illegible] association would [illegible] credibility and there [illegible] of membership would [illegible] become confined to [illegible] ployees of the [illegible] bership of [illegible] Farmers, who are [illegible] the industry. The [illegible] then would become [illegible] pendage of [illegible] Farmers.

Solutions: Helping the elephant out of the coop

THE freezing industry fits as comfortably into New Zealand society as an elephant fits into a chicken coop. To survive, it must change.

Last week, William Maughan, (pictured), senior lecturer at Massey University's Department of Agricultural Economics and Farm Management pointed to the major problems confronting the industry.

This week he presents the solutions as the industry sees them.

The freezing industry fits as compatably into New Zealand

IT WOULD be a rash person who set out to specify the solution to the multitude of problems confronting the freezing industry. Certain courses of action at least can be recommended if only for the reason that most people in the industry agree about them.

The suggestions outlined here are the collected and edited opinions of a large number of people involved with the freezing industry and represent the best guesses about how to deal with some of the problems that trouble the industry. The interest of the suggestions resides not in their novelty — for few ideas are new — but in their plausibility and in the fact that at least some of them are acceptable to the more enlightened people in the industry.

Firstly seasonality — the root cause of so many other problems. The idea of extending the killing season has been advanced for many years because of under-utilised capital in the plants and the labour problems within the industry.

But the industry in the South Island and the lower part of the North Island, particularly in relation to sheepmeats will always be seasonal. The reproductive processes of the animals and the fact that the farmers must "grow to grass" to maintain their costs advantage decides that.

Nevertheless there is scope for extending the season by a few weeks at both the beginning and end if everyone is prepared to give a little. An illustration of this might help explain.

If farmers are prepared to draft out "dry" (that is, lambless) ewes, very early in the season the works can get some of the old ewes out of the way before the lambs arrive.

Again, if the works are prepared to pay a premium for early and late lambs sufficient to make a farmer take risks, then lamb killing could start earlier and go on later.

In the same way, since different markets have different requirements it might be possible to kill some lambs at very light weights early, and other lambs at much heavier weights later. If the premium were sufficient it might even persuade a farmer to give special non-grass supplements to genetically superior breeds of lambs and thus keep them on the farm when there was insufficient grass.

Ideas that come into this category include:

- Use of a variable killing charge to give farmers a premium price at the beginning and the end of the season, and a penalty price in the middle of the season.
- Contract buying in a forward contract. The works would arrange in the previous year for farmers to produce stock at a given time in return for a guaranteed forward price.
- Much better and more selective buying and drafting of stock to the works.
- Some feedlotting on a marginal basis. Instead of farming only to grass, farmers would farm a proportion of the best lambs on a feedlot system for a few weeks prior to slaughter.
- Supplement feeding on the farms.

The main idea is to keep the major cost advantage of farming to grass but change the system slightly to incorporate a proportion of higher cost more "factory type" farming.

Even if these ideas could be shown to be workable and economic there would only be a marginal spread of the kill and the industry would still need to deal with the problems of under-utilisation of capital and seasonal employment. These, are manageable if people want to solve them.

Shift work is often suggested as a solution to the under-utilisation of capital but it is not so easy to implement as people think. Much of the works' capital would need to be duplicated for shift work (for example, storage, yardage, rendering plant and so on) and although the unions are not intrinsically opposed to shift work they regard as an essential precondition, cast iron guarantees of employment in the off season at a "reasonable" rate of pay.

A more reasonable approach, and one that would certainly pay dividends, is to try to reduce wastage when new plants are built. Some of the new plants are clearly overbuilt as can be seen from the cost estimates of two companies involved in a recent hearing of the Meat Licensing Authority. One estimated a total cost for a new two to three chain works of $15 million, the other came closer to $30 million.

A thorough investigation also needs to be made into the scale of the works that are being built. Under present costings the six chain works represent the most economic use of capital. This will not necessarily be true if the six chain works never operated to capacity — and few of them do. Nor will it necessarily be true if the costing is thought through in relation to the total meat industry from farm through to market as opposed to just the processing side.

For instance, small killing works in the centres of production and large processing and packing plants near container terminals may be more economic than large killing and processing plants in their traditional locations. We just do not know at the moment and we should be trying to find out.

There are several ideas on seasonal employment which need to be followed up. For example:

- Developing a complementary industry — say some local electronics industry which required manual dexerity and operated only in the winter;
- Use of the dole for unemployed workers, but paid to the companies for payment to the workers. Receipt of the dole would be conditional on attending programmes run in the off season.
- Development of employment registers by both the companies and the unions, perhaps based on contract agricultural work.
- Development of ancillary agricultural and processing industries such as cutting meat in the off season (this has storage and therefore cost problems). Unless complaints about seasonal employment are taken seriously, then the industry will continue to be faced with the problems of an unstable and therefore volatile workforce.

Next there are the three problem areas of hygiene, plant management and industry management, which admit more readily of 'solutions'.

Hygiene is, perhaps, the most tricky. Here, the problem is to convince everyone within the industry that hygiene is a sine qua non of food production. This means much better education and technical training for all in the industry from the farmer through to the processor, transporter, and distributor. It also means better negotiation of hygiene regulations and more even interpretation of their application.

On plant management, many obvious changes need to be, and could be, made. The day has long gone when a "boss" can tell a "worker" what to do. In the last analysis a large and complex organisation needs good management and co-operation if it is to work afficiently and to the benefit of all. This relies on common sense and the ability of people to treat each other as people.

A more radical suggestion is that the industry should move towards worker participation or worker control as the ultimate aim of democratic government. The following improvements could at least be tried.

- The removal of the company boards from day-to-day management, particularly where board members are producers;
- Much better management training, particularly on the floor where there is an interface between management and workers: upgrading of the positions of board walkers/foremen to quality control supervisors, schedulers etc;
- Better training of the workforce;
- Introduction of piece work contracting where feasible in the works;

Continued on next Page

William Maughan's two part series first appeared in *Comment Magazine*, P.O. Box 1537, Palmerston North.

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- Far more consultation between all parties on a regular basis; more information, particularly financial information;
- Development of voluntary share-holding by workers. The list could go on for some time.

Second, the technical aide. There are two ways in which the industry could develop here – either assume that mass production would be with the industry forever and therefore try to provide an entertaining and pleasant works environment with genuine worker control over the environment; or try to make the job entertaining by upgrading skills.

The first is more likely and involves installing good staff amenities such as creches, canteens, swimming pools, and pleasant working conditions, such as colour walls and windows in the plants. The second relies on rethinking the chain in terms of group dynamics. Under such a system small groups of people using machines as hand aids would in effect replace a machine using people as components.

The objections to this approach are numerous – not the least being the difficulty of maintaining hygiene standards and rate of throughput. Nevertheless the idea needs investigating.

On the third area – product acquisition and control – many of the ideas for improved acquisition (more selective and forward buying) have already been mentioned. The industry, however, needs to become much more sophisticated and attuned to customer requirements when it comes to sell the product.

Many of the requirements are known — how to [illegible] lamb, good product presentation at competitive prices but there is as yet little sign of the necessary changes taking place. Trading rather than marketing skills predominate and will continue to dominate as long as there is no incentive to change.

The incentive will come from a combination of increased competition in the industry (resulting from relaxation of the licensing criteria) and from the pressure likely to be exerted by the sheepmeats policy of the EEC.

Last, there is the difficult topic of the industry structure. Here there is a basic conflict between what might be termed the "centrist" approach (that is, more centralised control in order to take the benefits of rationalisation and single selling on the world market) and the "private enterprise" approach (that is, in its extreme form letting everyone do what they want).

My own preference would be for delicensing, the removal of controls on killing charges, removal of the open door policy, and the end of the divine right of producers. The consequences of delicensing on this scale, however are, not known, and since it is more likely that the political pressures will result in compromise, it is perhaps more realistic to opt for the maximum relaxatioo controls that is acceptable to all parties.

In such a situation it should be possible for new firms to enter the industry and for older inefficient firms to become more efficient or go bust.

To say, however, that various changes "should" be made without saying who should make them is to beg the question. It is up to those within the industry to sort themselves out but they need to be constantly reminded that their industry is so important that if it fails to sort itself out, a solution will almost certainly be imposed on it whether by a centralised control structure or by forcible delicensing.

Great pressures are likely to be applied to the industry over the next few years — not only by governments and bureaucrats, but also by ever escalating costs and by ever more demanding markets. These pressures will result in change whether the industry likes it or not, and it is to be hoped that the industry responds and changes of its own accord since, in the words of one gentelman in the industry.:

"We might not be running the industry too well ourselves but God help us if people think a nationalised industry would run any better."

The information in this article derives mainly from a workshop on the New Zealand freezing industry held at Massey University last year. The article is based on an address given by William Maughan, senior lecturer at Massey University's Department of Agricultural Economics and Farm Management to the Manawatu Economics Society.

Primary industry

Computers

IBM software or CD discs?

by Stephen Bell

THE GOVERNMENT'S Cumberland computer centre — an almost entirely IBM installation — seems to be getting squeezed between the IBM's desire to see its name on everything, and pressures from higher up to cut costs.

With a thorough Audit Office investigation into government computing expenditure in progress, the drive to adopt "economic" solutions to future developments is becoming stronger. Cumberland is bound to take the brunt of the attack, simply because more people make cut-price kit to hook onto IBM machines than onto the other manufacturers.

One of the longest established forces in the IBM compatible market is Control Data, which already has some of its memory and disc storage attached to Cumberland's IBM 370/168. The company is reliably reported to be in line for another disc order, from the price sensitive Computer Services Division of the State Services Commission, but Cumberland staff are none too happy at the prospect.

When a user gets IBM kit, they point out, they get a lot more than just the hardware. A lot of IBM software development assistance is thrown in for free.

If Cumberland shows itself to be a less than committed IBM user, staff fear, the manufacturer might not be so willing to assist with software implementation.

This could involve the centre's own staff in a good deal of extra work, in areas demanding special knowledge of IBM software.

The four dual disc units which Cumberland is about to order will be used mainly for State Insurance's new system, a complex distributed IMS database.

The alternative to extra internal work, of course, is to hire IBM assistance — which would make a bit of a dent in the original cost saving on the discs.

The latest CD purchase had not yet been formally confirmed as NBR went to press, but internally, NBR was told, a "buy CD" order had been issued from the top echelons of the Computing Services Division. This is despite a recommendation of the original Cumberland selection committee that the order should go IBM's way.

The Cumberland centre's previous acquisition of discs from CD did not bring any withdrawal of services from IBM; primarily because it was not a purchase, but an exchange for returned CD equipment. The presence of an existing CD disc controller, however, was undoubtedly a factor in CD's favour, since it was only necessary to buy more drives to attach to the present controller, rather than purchasing an entire unit.

IBM 4331 provides on-line access for Creditmans' ratings

by Stephen Bell

THE COUNTRY'S latest credit reporting agency, Creditmen's Dun's, is embarking on what some might consider an overdue move into the computer age.

It may be difficult for electronic DP addicts to believe the agency's records of individuals' credit histories have until now, been maintained on increasingly unwieldy card files.

The move from a manual system to the latest generation of IBM equipment, with those classic modern day computer features, on-line access and database, is something of a giant leap.

Creditmens' decision to take advantage of computer aid was made last year. An experienced data processing manager was brought in specifically to co-ordinate the task. At the turn of the year, Creditmens' Auckland head office took delivery of its shiny new IBM 4331 — a delivery time which must be looked at enviously by longer-standing IBM users faced with long waits for their 4300 machines.

DP manager Bob Wolff admitted that the company had been lucky in IBM's random draw from world-wide distribution sources to determine delivery sequence for orders.

Programs have been under development since late last year, using IBM bureau services, but Creditmen's now has three programmers doing on-line development on the 4331 itself. The speed of installation and set-up of the machine — a big IBM selling point — was impressive, Wolff said.

First phase of the on-line credit reporting system — local access from Auckland — should be working early this year. More remote offices will link at intervals of "a few months", and the eventual network will take in the four main centres, Hamilton, Rotorua and Napier.

Smaller offices will use microfiche records, regularly updated from the 4331's magnetic tape files. Negotiations with microfiche bureaux to handle this task are still under way.

A batch DL/I creditors' system, to help ensure that the firm's own clients pay up on time, is being transferred in-house.

Later this year a databased information on companies will be implemented, and further in the future is an on-line debt collection system.

Company records are a classic example of the use of database technology; with a separate manual record for each company important factors like cross-directorships, can be time consuming to uncover. The complex linkages which can be built into a database system makes the search for a director's other interests a comparatively easy task.

The database management software used will be IBM's own DL/I — a program which has been widely criticised for years for its inflexibility and poor performance, but its capabilities were dramatically boosted with the launching of the 4300 series.

Creditmens' expansion plans helped to spark off the computer interest, said general manager Denis Orme. The company plans to diversify from its traditional areas of credit reporting and debt collection to satisfy other "perceived needs in the business community", said Orme, but he declined to go into details at this stage.

Release of the 4300 brought a dramatic improvement in performance and cost of computer processing, both from IBM and from its competitors, and Orme confirms that this was an important factor in the timing of Creditmens' computer purchase.

Regional development

Aramoana: tougher test for environmentalists

IF one were to write a fairytale for industrialists, the setting might well be Aramoana, at the head of the Otago Harbour.

The site includes 115 hectares of flat land with a natural deep sand fill favourable for heavy industrial loadings.

It is 10 kilometres from the Port Chalmers container terminal and rail head, and 25 kilometres from Dunedin City, a stable source of labour.

Any developer could expect preliminary site work done and an on-site wharf provided.

It is also close to the source of large potential electricity supplies which the New Zealand Government is offering to certain industries at competitive rates.

The Government is offering price concessions to any ferro-silicon, aluminium, ferromanganese, nickel, silicon carbide or timber producers.

In the past Aramoana has been coveted by industrialists representing oil refining, steel producing and aluminium smelting concerns.

But all fairytales have an ogre. And each time industrialists renew their interest in Aramoana the environmental monster appears to do battle.

Aramoana is the largest, and most complete, salt marsh in the province, and is integral to the food chain in a wide area.

It is a vital breeding ground for commercial fish varieties, a recreation area, site for biological research and close to the world's only mainland colony of the Royal Albatross. It is also subject to wind patterns that would deposit pollutants in residential areas.

In 1974 the Labour Government turned down a bid by Otago Metal Industries to establish a smelter at Aramoana. Although environmentalists claimed victory the decision was based entirely on a policy of conserving energy and not on the peculiar circumstances of the site.

Now that the power is available, the strength of the environmental argument could be tested to its limit.

For now the issues of power, industry, land development and environment are being fought at three levels, and there is no evidence that any specific proposal has reached the stage where all the factions will merge.

At the first level the Government is entertaining a number of proposals to exploit surplus power. But it has yet to decide how much power will be made available for industry, and at what cost.

While the Government has indicated up to 5,000 gigawatt hours a year of power could eventually be available the projected surplus in the mid-1980s is closer to 2,000 gigawatt hours a year.

Industry sources claim this is close to the price they are seeking, but they want a long-term agreement written into the concessions.

In terms of proposals three major possibilities for the use of surplus power are attracting the main attention:

- Comalco wants to extend its production to 220,000 tonnes a year and this would take 1300 gigawatt hours;
- New Zealand Steel Ltd wants to develop a $100 million ferro-silicon industry, in partnership with Elkem-Spigerverket of Norway, in Southland.

None of these proposals involves Aramoana, but the third does.

- The Australian-based Colonial Sugar Refining has set up a consortium to investigate establishing a smelter in New Zealand. The consortium comprises Gove Alumina Ltd (owned 51 per cent by CSR), Fletcher Holdings Ltd (last year CSR sold its 21.4 per cent shareholding in Fletchers) and Alusuisse.

All three groups have been having talks with Government regarding the availability of power, power price and, in the case of a smelter, siting.

The ferro-silicon industry must be attractive to the Government. It would be based in Southland, make use of the Southland lignite deposits and silica gravel deposits, and provide an almost entirely export industry from indigenous rather than imported resources.

Power price will be crucial to the development of this industry according to the secretary of the company, William Jamieson.

A decision on power price and the industries to be offered power is expected at the end of this month (February).

But even if it favours New Zealand Steel's proposal the issue will not be decided. Any proposal to dig up some of the best farmland in New Zealand is likely to create a battle of proportions never likely to be reached at Aramoana.

Applied Geology Associates of Wellington has done an environmental sensitivity study on development of the Southland lignite deposits, but the Department of Energy will not make the report public.

In terms of aluminium, Comalco has a head start over any proposal to create a new smelter, and if the extensions go ahead at Bluff it is most unlikely that a second smelter will be established less than 240 kilometres away at Aramoana.

At the second level lies the Otago Harbour Board, which owns the Aramoana site and is actively pursuing its own campaign to develop industry there.

The board is noted for its progressiveness and independence, and it is no stranger to politicking on the national scene.

The board's efforts are in two directions. It is trying to finalise all the necessary planning and zoning issues to allow for industry, and it is showing the site to interested industries.

The board is well aware of the environmental lobby, and it is most unlikely to push industrial development beyond the 115 hectare block of grassland.

Originally it advertised the fact that a further 65 hectares of land could be reclaimed for lighter industrial loads, but this would impinge directly on the disputed area of tidal salt marsh.

The board has had discussions with a number of industrial representatives, including CSR's consortium, but as yet no definite proposal to establish an industry on the land has been made. Any such proposal will follow the outcome of decisions to be made at Government level.

At the third level local Dunedin interests are taking no chances, and minor political sparring has begun in anticipation of a decision.

The environmental lobby sprang into action towards the end of last year with information booths and a petition which is currently being circulated nationwide.

The Otago-Southland Manufacturers Association is trying to counter this growing opposition and mount a political force supportive of both industrial and reserve development at Aramoana.

As the environmentalists became active someone leaked a pending report from the wildlife service of the Department of Internal Affairs to the Otago Harbour Board supporting both reserve land and industrial development in the area.

The Otago Regional Development Council, another noted political organisation, has not been consulted yet on the issue.

Council chairman Ted Barringer has taken a reasoned stance. He wants to ensure Otago gets maximum local benefit from any smelter through the processing of goods beyond the ingot stage, a fair price for power, job generation and supply of services.

Until any firm proposal is presented these issues cannot be clarified.

A majority of the council opposed establishing a smelter at Aramoana when it was last mooted, and Barringer has given hints that it will take strong new arguments to change this stance.

If Aramoana is passed by for the second time as the site for an aluminium smelter the issue of industrial development on the site will remain.

While there is strong local feeling that a smelter would not be in the best economic interests of the region, many feel when the talk of a smelter ends forest product industries will emerge as the best bet.

Such development could still attract power concessions, utilise local resources at present being exported from Port Chalmers in a raw state, and be less susceptible to dominance from overseas companies.

Saturday shopping rebels: putting life back into Queen Street

by Warren Berryman

EMPTY office blocks, shuttered shopfronts, and a smattering of pedestrians as the only sign of life.

This was central Auckland every weekend until a few weeks ago.

Saturday mornings dawned on the refuse of Friday night's binge. The previous day's newspapers blew about the street frontages of multi-million dollar office blocks.

The capital investment in buildings remained idle.

The chance visitor found the commercial heart of New Zealand an empty spooky place, closed. There was nowhere to go, nothing for sale, nothing to do.

The retailer's rebellion against the shop trading hours act is changing all that.

On Saturday morning, Queen Street and its environs are filled with shoppers.

Predominant among them are, family groups, pushing strollers and herding children.

The inner city has been given a new lease of life.

Most shops remain closed on Saturdays. In some cases landlords won't allow shopkeeping tenants to challenge the legal prohibition on Saturday trading.

But 62 shops were open on a recent Saturday, in addition to the International Market with its 70 stalls.

Many shopkeepers chose to circumvent the law rather than break it. They opened as charitable bazaars, and gave the profits to charity – a legal loophole to Saturday trading.

Judy Reid, of the Auckland and Gisborne Shop Employees Union, has been leading the battle against the rebel retailers in Auckland. She argues that Saturday trading, if allowed, will change this country's social pattern – not only for her own members but for others.

"If shopping goes, others will follow, transport workers, cleaners. Then people will ask why not have the banks open on Saturday. Instead we should be asking for a shorter working week", she said.

Reid agreed there was a need for families to shop together, but said the biggest group in favour of Saturday shopping was young males who would rather go to the pub on Friday nights when the shops were open.

"If Saturday shopping becomes the norm there will be less choice for the worker to work Saturdays or not" Reid said.

Stopwork meetings would begin on February 11 "to gauge union members opinions," she said.

Retailers fear the stopworks are also designed to demonstrate union muscle.

Reid acknowledged that her members had been informing on retailers to the Labour Department. "But we need a bomb to put under the Labour Department and we can't afford a bomb", she said.

The Labour Department, whose unenviable task is to enforce the shop trading hours regulations, has been out in force. On January 19, inspectors visited every shop taking part in the rebellion.

District superintendent Colin Roberts said about 80 shops had been visited.

Since the rebellion began early in December evidence has been gathered that could lead to 150 prosecutions – and that could plug up the Auckland legal system for months.

The newly formed Inner City Progressive Retailers Association, set up to revitalise downtown Auckland with Saturday trading among other things, is aware of the powerful effect this legal log-jam might have in forcing the issue to a conclusion.

Labour Department inspectors are caught in the crossfire between trade unionists who report errant shopkeepers and demand immediate prosecution, and shopkeepers and members of the public who often view Saturday opening as a crime without a victim – an area where the State should have no right to interfere with individual liberty.

Ken Morgan, owner of Queen Street's International Market, Saturday trading advocate, and ringleader of the revolt, has been getting alert attention from the inspectors.

After speaking out publicly against Saturday trading the week ago, advocating that shopkeepers open Saturdays legally by trading as charitable bazaars, Morgan's market got a full blast of inspectors the following Saturday and again during the week – the first time he has been visited in nearly two years.

Morgan has written to Labour Minister Jim Bolger complaining about victimisation by the department.

NBR watched on January 19 as two inspectors descended and questioned Morgan's stallholders. Three hours of questioning put a damper on the Saturday morning's business.

Morgan had to neglect business to accompany the inspectors.

Frustrated customers trying to get shopkeepers' attention to buy something between questions.

Some young shop... wanted to go home, ... doing their jobs but ... running afoul of the law ... spite the legal precedent allows Saturday trading ... charitable bazaar.

One pair of shoppers ... overheard saying: "Let's get out of here before we get in trouble."

But the retailers say they intend to continue to open Saturdays.

Nationwide, the retailers' revolt is attracting attention.

The Auckland and Gisborne Shop Employees Union is rallying support among trade unionists and the Labour Party against Saturday trading, which they see as a threat to New Zealand's life-style, the 40-hour work week, and Saturday sport.

The Shop Employees' Union plans a series of stop-work meetings to discuss the issue and bring pressure on employers.

Labour Minister Jim Bolger has met with the Retailers Federation and Unions and called for another meeting in February to discuss the issue.

The Retailers Federation remains officially against Saturday trading on the grounds that the majority of its 3000 members want the status quo maintained.

But while the unions seem inflexible in their opposition, the Retailers Federation wants to keep the matter under constant review. The retailers will be polling members to gauge majority opinion before the meeting with Bolger.

The Retailers Federation is unconvinced that the public support for the retailers rebellion in Auckland is a true test of public will. Said one Retailers Federation executive: "They received support before Christmas. Would they have received the same support in June?"

He hastened to add that the federation sympathised with the particular conditions precipitating the Auckland rebellion – factory outlets selling direct to the public, the bus strike and so on – but the federation could not condone unlawful opening.

The rebel retailers face one major hurdle in getting their arguments before Bolger at their February meeting. Many of these retailers are not members of the Retailers Federation, and only the unions and the federation have been invited to present their arguments.

Federation members control 85 per cent of the country's retail turnover, but constitute only about 65 per cent of the country's outlets.

While the federation has claimed that a majority oppose Saturday trading, it has a strong minority favouring either liberalisation of the law or abandoning trading hours restrictions.

Woolworths, a member of the recently merged L D Nathans-Woolworths-McKenzies group, strongly favours Saturday trading and has done so for years.

Woolworths managing director Kevin Treacy said his company wanted to trade on Saturdays to offer the public the service they wanted. But his company was unwilling to trade illegally.

Treacy said he would favour freedom to trade Saturdays provided the employees were guaranteed a five-day 40 hour week with an extra day optional.

Treacy said he was disappointed with the operation of the Shop Trading Hours Commission, which had turned down all regional applications for Saturday shopping.

"There is no real way to measure public demand for Saturday shopping without trying it, and no way to do this without breaking the law", Treacy said.

Farmers Trading Company chief executive Tass Williamson opposes Saturday trading although two Farmers' outlets open on Saturdays.

We don't think it is in the community interest. We've been opposed to it from the start", Williamson said.

"No one wants to have here what they have in the United States where customers stand in queues with no one to serve them.

"We now have a market with enough shops to serve the public in the hours they are open. Saturday morning opening won't get us any more of the expendable income.

"When one shop opens, they all have to open. We can't have a disorderly marketplace.

"We have a marketplace designed for 3 million people and a 40-hour week.

"I'm a product of the Depression. The 40-hour week was something to be achieved. The quality of life is more important than sheer greed. That's a personal view and not a company view," Williamson said.

Labour's Bill Rowling echoed Williamson's thoughts in strong opposition to Saturday trading.

The 40-hour week, Saturday sport, family activity, and New Zealand's traditional leisurely lifestyle would be jeopardised by Saturday trading, Rowling maintained.

But Rowling added a proviso to this argument in his colum in *Truth* saying that, while "open slather" weekend shopping is out," there is a clear need for retailers, employers and the work force to recognise the effects of changes in the workforce."

Rowling was referring to the increased number of working mothers in the workforce. His answer was for employers to provide them with shopping time.

Retailers spoken to by *NBR* rejected the Rowling suggestion, saying more time off was no way to improve productivity.

Rowling's comments were not well received by the rebel retailers.

The co-ordinator of the Inner City Progressive Retailers Association, Mike Dow, said his organisation was working on a rebutal to the Labour Party's policy on Saturday trading.

The National Party appears to be steering well clear of the issue – at least until public opinion crystalises.

National took a hiding on the issue 2½ years ago, when the new shop trading law was being discussed. It then appeared to some National MPs that support for free enterprise principles would be forthcoming from the business community.

But when the going got tough, the so-called free-enterprisers in the business world generally preferred to quibble among themselves about who would get this and that advantage from various forms of state interference, rather than argue the principle of minimum state interference in the marketplace.

In the end the Government politicians were left high and dry – up against the unions and the Opposition, which might explain their present rectitude.

Former Palmerston North MP John Lithgow was not so reticent last week. He told *NBR* he was influenced at the time of the debate by the trade union lobby. Now, he said, he was 100 per cent in favour of Saturday trading.

"I think a person should be able to open his shop any 40 hours of the week he wants preserving the 40 hour work week," he said.

Christmas shopping . . . would weekend rebels get the same support in June?

Johnsonville Mall . . . better use of capital investment if open on Saturdays?

Market forces v regulation

SOME Retailers' Federation members see Saturday trading as a potential cause celebre for free enterprise. Market forces, and not Government intervention, would be the best and cheapest test of whether the public wants Saturday shopping or not, they claim.

Other retailers, having won permission to open Saturdays for themselves, oppose others seeking Saturday opening rights so they might retain their favoured position.

Another argument holds that, as the pool of expendable consumer dollars remains constant, Saturday trading would just increase overheads without boosting turnover.

Opposed to this is the claim that Saturday shopping can lure more of those expendable dollars out of the pub and TAB and into retail shops.

Advocates of this position see Saturday as a time when the family can shop together with the time necessary to make those considered purchases, to promenade, see and be seen in the community market, and maybe make an impulse buy.

One school of thought holds that the increased competition through Saturday trading would push many small retailers to the wall. Others say if competition forces some to the wall the marketplace will be the healthier for their leaving it.

Still other retailers oppose Saturday trading on grounds similar to union arguments – that if some shops were allowed to open, all shops would have to follow suit and this eventually would lead to Saturday operations for service industries such as delivery drivers, cleaners, banks and so on.

Then there is the argument that Saturday shopping as an island of freedom in an over-regulated economy is not on. Retailing is inter-related with manufacturing, and importing.

Freedom for the shopkeepers to succeed or fail without the protective devises imposed by the state must be accompanied by freedom from import licencing, and so on, if the retailer is to be thrust into a climate of open competition.

Most protagonists agree that the Saturday trading issue is as politically sensitive as it is important as a showpiece issue – an ideological issue with economic ramifications far more visible to the public than most such issues are.